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Underworld in Moscow: Gangsters Kill in Streets And Twist the Economy

By Celestine Bohlen

New York Times Service: MOSCOW -- At 2 o'clock on the afternoon of July 19, seven men with machine guns burst into an automobile showroom on Leninsky Prospekt and opened fire. Security guards shot back and four people died.

Two weeks later, in another midafternoon attack, gunnen leaped from a BMW in the center of the city and shot up a building killing four people before someone rolled a grenade under their getaway car.

Last week, in another afternoon attack, three people were killed by machine-gun fire in an office.

Moscow's gangsters, a brazen lot to begin with, have put their brutality on display this summer with a series of gangland-style hits right out of "The Untouchales." Nothing seems to faze them — not policemen, not

public ourage, not even broad daylight.

Innocent bystanders are given no consider. ation. Last month, a bomb lodged in a garbage chute on the fourth floor of an apartment building exploded with such force that it severely wounded a woman at the trash chute on the 11th floor.

On the evening of July 20, three gunmen coolly carried out a hit against the assistant manager of a cafe on Malaya Bronnaya Street, after which they stopped at a sidewalk kiosk where the police said, they had earlier been treated rudely. They killed the saleswoman and a bystander.

Crime has risen dramatically in Russia in the last two years as the controls of the totalitarian state have fallen away and before the certainties of a law-abiding society have emerged to take their place.

Apartment breakins, car thefts and imagings have become commonplace, to the shock and fright of a citizenry used to a calmer, more predictable life.

But in recent months the crime wave has taken on a new dimension; It is not only moreviolent but it is also more professional and more pervasive, reaching deep into the heart of the government and leading banks. It has also begin to hlight development of

private businesses because entrepreneurs are being frightened away.
The number of killings in Moscow has gone up sharply. There were 704 in the fast seven months of this year, up from 462 in the

similar period last year.

Moscow is still behind U.S. levels of mar-

New York last year, a city roughly comparable in size to Moscow. But the crime rate is far higher than in many other European cities.

"Moscow is being beaten from every side," said Vasili Kuptsov, deputy head of Moscow's police investigation department. "Moscow is like a boy who bows when he is being beaten. It is time to show our teeth."

Many Russian and Western business executives say the violence is only part of the picture, and not necessarily the most fright-ening part. They say crime and business have become interwoven in Russia to an alarming degree, starting with racketeering on the street level and ending with vast bribe-taking on the official level.

According to one recent official estimate, organized crime has managed to siphon off about \$500 million from the economy through embezziement, smuggling and bank fraud, including one last spring that reached into the top echelous of the central bank.

"The Moscow underworld is becoming more and more professional, and is merging, sometimes by legitimate means, with highly placed state and especially commercial spheres, said Yuri Shchekochikhin, a journalist for the weekly Literaturnaya Gezeta who has written extensively on crime.

Some of Moscow's best-known business executives, not long ago hailed as the standard-bearers of "a new era," are now fugi-tives, sought by the Russian police and prosecutors for defrauding the state or their partners or both.

Stories of extortion are legion. An officer at a new club for young business and political leaders was approached with a proposal for a "mutually beneficial arrangement" by a gang that warned its members knew not only who was in the club but also how much money they had in their bank accounts. According to several recent press reports,

extortionists are pressing now for a share in some businesses rather than just each payoffs. The story about the malia is not just about crime, it's about economics," a Western diplomat said recently. There are a lot of people today who are just plain scared to go

"Mafia" is the word most Russians would use to attribute the wave of killings, and the police do not disagree, except to note that there is no single organization but rather as, even hundreds, of competing gangs,



SWEEP FOR CHINA - Yunxia Qu (137) on her way to the finish line and the gold medal in the women's 3,000-meter race at the World Athletics Championships in Stuttgart, ahead of Linli Zhang (144), who was second, and Lirong Zhang, in third place. Page 15.

U.S. Judge Upholds Sheikh's Deportation

WHITE PLAINS, New York - A judge Monday upbeld a deportation order against an Egyptian cleric, Sheikh Omar Abdel Rahman, turning down his request for political asylum in the United States.

The sheikh, some of whose followers have been charged in the February bombing of the World Trade Center in New York and in alleged bomb plots against the United Nations and other New York landmarks, had gone to court to appeal a deportation order by the migration and Naturalization Service.

The sheakh, who calls for the overthrow of the Egyptian government from his exile in Jersey City, New Jersey, was ordered deported in

July for lying on his immigration papers.

Judge Charles L. Brieant of U.S. District
Court ruled that "there is no basis for disturbing findings by an immigration judge and the Board of immigration Appeals that the 55-year-old blind cleric can be deported. He delayed deportation for 10 days to allow time for

The ruling came on a day that policemen in Dusseldorf overwhelmed the Egyptian hijacker of a KLM Royal Dutch airliner who had demanded the sheikh's freedom. In New York,

the sheikh's lawyer, Michael Warren, said the sheikh knew oothing about the hijacking and did not sanction it.

Sheikh Abdel Rahman has oot been charged with any wrongdoing in either the trade center bombing or the other alleged plot. He has denounced the bombing and has denied any connection to the case.

He surrendered to federal authorities last month after the Justice Department revoked his permanent resident status on the ground that

e posed a "danger to the community."
Mr. Warren said Morries there was no legal
asis for deportation. "This is yet another indication of how the political taint becomes an essential part of the judicial process and there-

pollutes that process," he said. In Düsseldorf, the police painted a picture Monday of an ill-prepared and disorganized crime. Commandos from Germany's elite GSG-9 unit stormed the Boeing 737 Monday at 2 A.M. The two crew members still on the plane, having reported that the hijacker had gone to the toilet, were elimbiog out of the

cockpit on an escape rope. The commandos overwhelmed the hijacker without a shot being fired. The man had threatened to blow up the aircraft, but he turned out to be unarmed. He had previously released 131 passengers and five crew members.

The arrest ended a 10%-hour drama during which the hijacker had set a Monday morning deadline for the United States to free Sheikh

GOT JORG

The police said his passport identified him as Khalid Abdelmounien Gharib, 40. Egyptian se-curity sources said he was a building contractor and factory owner from Cuiro. They said he had no criminal record apart from bouncing a few

checks, and was morried, with several children. The man had handed the flight in Turis. Half an hour before the scheduled landing in Amsterdam, he entered the cockpit and gave the captain a handwritten note in English, deat the plane be flown to New York.

But he did not realize the medium-haul Boring 737 could oot fly nonstop across the Atlantic. He then asked to go to Stockholm but later poted for Düsseldorf.

The behavior of the hijacker was certainly more than occentric," said Ulf Steinke, leader of the operation that ended the hijacking. "It doesn't seem to have been something that he decided on when he was already on the plane. but it also doesn't seem to have been very thoroughly planned."

AT&T to Pay \$12.6 Billion To Acquire Cellular Firm

Offer for McCaw Joins Telephone Giant With Leader in Growth Area

> By Lawrence Malkin International Herald Tribune

NEW YORK - In a \$12.6 billion deal emphasizing the speed and extent of the world telecommunications revolution. America's largest telephone company announced Monday that it was taking over McCaw Cellular Communications Inc., the nation's biggest and most aggressive wireless network.

The merger of American Telephone & Telegraph and McCaw puts AT&T into the fastest growing segment of the industry and, analysis said, provides capital for cellular operations that its smaller new partner had found difficult to raise quickly enough.

The merger, which would be among the halfdozen largest in corporate history, must be approved by federal regulators. At its planned completion next year, it is to be accomplished by a 1-for-1 swap of stock hetween the two

On Wall Street, AT&T's stock fell more than \$1. reflecting questions about whether it would be able to recoup the merger's price in growth. McCaw's stock rose more than \$4, representing something of a rescue for stockholders in a company that has seen sales increase more than 10-fold in six years but has posted losses in five

those years. Last year, McCaw's revenue totaled \$1.93 billion; AT&T's was \$64.9 billion.

The deal also provides unexpected capital for British Telecommunications, which took a 17 percent stake in McCaw to gain access to the American cellular market, BT would end up with a 2 percent stake in AT&T, valued at \$2.2 billion at the current stock price. A spokesman London said it planned to get rid of the shares over time.

Unlike most other mergers, takeovers and restructuring in recent years, this one is not to result in job losses at either company, the AT&T chairman, Robert E. Allen, said at a news conference. He predicted it would lead to expansion of the merged company as AT&T exploits and markets wireless technology.

Craig O. McCaw, a 43-year-old communica tions visionary who took over his family's cable-TV company as soon as he graduated from college in 1973 and who went into paging and mobile telephones a year later, negotiated a strategic alliance with AT&T in November day evening at a meeting with Mr. Allen, who had just returned from China.

At the news conference, Mr. McCaw never quite explained why a full merger had been considered necessary. He insisted that it was not for lack of financing to continue his company's expansion in the more than 100 cities it serves in the United States and Canada, It was, he said, "to make dreams happen."

Mr. Allen, a lifetime corporate veteran of the See DEAL, Page 11

Tentative Sarajevo Accord

Compiled by Our Staff From Dispusches

GENEVA — Leaders of Bosnia's warring factions agreed in principle Monday that Sarajevo should be placed under temporary United Nations administration and demilitarized after a final political settlement is reached to end

their 16-month war, a UN spokesman said.

The agreement, scen as a major breakthrough for the international mediators. Lord Owen and Thorvald Stokenberg, came just hours after Bosnia's Serbian, Croatian and Muslim leaders sat down face-to-face for the first time in two

Under the agreement, to be completed by a mixed three strong committee, Sarajevo would become virtually an open city outside any of the three ethnic ministates being negotiated in Ge-

John Mills, a spokesman for the peace con-ference on former Yugoslavia, said the three parties had set up a committee of Muslim, Serbian and Croatian representatives to make recommendations about the future status of

The agreement would cover a large area around the capital including strategic hills and suburbs from which Serbs have shelled the city for months. If the envisaged agreement is car-ried through, it would lift the siege of Sarajevo.

The only part not covered is Pale, the Bosnian Serh headquarters outside the city, which would be part of the planned future Serbian

We are not talking about a final agreement here," Mr. Mills camboned. "The devil is in the detail. The details are what will be worked out by the committee. We are talking about an agreement in principle."

Mr. Mills said President Alija Letbegovic of Bosnia would talk again Tuesday with Radovan Karadzic, the leader of the rebel Serbs, and the Bosnian Croat leader, Mate Boban, on the

See BOSNIA, Page 6

2 in Opposition Disqualified in visaged in the Bosnian peace package. The negotiations would include the fate of the Muslim-populated enclaves in eastern Bos-

Congulad by Our Stoff From Departhe SINGAPORE — A government commission on Monday disqualified the only opposition ligures who had applied to run in Singapore's first direct election for president.

The Presidential Election Committee, which must approve all prospective candidates for the Aug. 28 election, said it had rejected applications from Joshua B. Jeyaretnam, a leading opposition politician, and Tan Soo Phuan, a fellow member of the Workers Party. The computer said the two were unfit in greater to mittee said the two were unfit "in regard to integrity, good character and reputation," and failed to meet other requirements related to experience and ability.

The ruling came as no surprise to Mr. Jeyar-emam, who said last week, "I don't think they will take the risk of letting me run."

Mr. Jevaretnam, 66, is a former District Court judge and registrar of the Supreme Court. He was secretary-general of the Workers Party and in 1981 became the first member of an oppositioe party to win election to Parlia-ment, ending an absolute monopoly of the Peoples' Action Party.

While the election committee turned down Mr. Jeyaretnam and Mr. Tan, it approved the candidacies of Ong Teng Cheong, who resigned as deputy prime minister to run for president. and Chua Kim Yeow, a former government official Specifications for the presidential candidates are such that only senior members of the establishment qualify.

Mr. Ong. 57, who was secretary-general of the pro-government National Trades Union Congress, is widely expected to win the election with the support of the Peoples' Action Party, which has been in power since independence in 1965. He faces only token competition from Mr. Chus, a retired civil servant and banker, who said he was urged to run just for the sake of having a contest.

Mr. Chua served for 18 years as accountantgeneral, and later became president of Develcoment Bank of Singapore.

The term of the current president, Wee Kim Wee, expires Sept. 1. Mr. Wee, 77, a former diplomat and journalist, was appointed by Parhament in 1985 to perform mostly ceremonial duties, as the office was then defined.

Under a constitutional change approved in 1991, the next elected president will have wider powers, including the authority to oversee budgets, financial assets, senior government appointments, security and religious affairs.



TAIPEI TROUBLES — A dissident shouting protests against Taiwan's president, Lee Teng-bui, during a rightist demonstration Monday outside the 14th national congress of the Knomintang, Taiwan's ruling party. A companion waved off the security police.

Antebellum Bonds — Worth a Gamble?

By Erik Ipsen International Herald Tribune

LONDON -- After more than a century and a half of pleading, petitioning, suing and wait-ing the latest generation of bondholders in-volved in what appears to be the world's longest-running sovereign debt crisis may be on the brink of victory. And then again, maybe they

stand nowhere near it. Last month, a group of British owners of the bonds of two long defunct banks in Mississippi filed suit in the state capital, Jackson. They are seeking \$13.8 million, including 152 years' sim-

ple interest, for the hundreds of tattered statebacked bonds with a face value of \$1.5 million that they hold.

"I've always been fascinated with the fact that Mississippi, part of the greatest capitalist nation in the world, was in default," said David Barry, a businessman from Guernsey who founded the European Association of Mississippi Bondholders two years ago.

If Mr. Barry and his group of 14 bondholders ultimately fail, they will be in august company. William Wordsworth, Ulysses S. Grant and the government of Monaco are among the many

who over the decades have tried and failed to wrest what they have insisted is their due from the coffers of Mississippi.

Their goal is payment on some of the \$7 million of bonds issued by the Mississippi Planters' Bank and the Mississippi Union Bank in the 1830s and sold largely to iovestors in the United Kingdom, then the world's reigning power. And what gives them hope is an infusioo of riverboat-gambling proceeds into Mississip-

Paul Seahrook, a 53-year-old London stock-See BONDS, Page 6

India's Dying Livelihood **Machines Threaten Launderer Caste**

By Edward A. Gargan

New York Times Service
NEW DELHI - When Mark Twain stumbled into India late last century, he looked around a bit and concluded, in his memoir, "Following the Equator," that Indians were people who break rocks with their clothes.

jamas by brute force.

whose services have been as central to life as those of its farmers, politicians, and priests. But modernity is intruding on tradition, and for the first time, India's dhobis see their livelihood, and their very existence, threatened. The villain creeping relentlessly into middle-class homes is the automatic washing machine.

Today, from India's southern tip to the foothills of the Himalayas, there are still men and women virtually everywhere who beat clothing against rocks, driving dirt from saris and leared

They are India's dhobes, its washermen and women, untouchable outcastes who have been despised and shunned by other Indians, but

for higher-yielding European currencies and

In New York, the dollar fell to 1.6869

Deutsche marks from 1,7123 late Friday,

and it slumped to 101.575 yen from 101.900.
Expectations that the Federal Reserve

the yen continued its rise.

are not getting the good clothes to wash." At sunrise, thousands upon thousands of dhobis gather along the mud flats of the Ya-

"It's affecting our business," said Shahid Ahmed, fingering his dirty, tom T-shirt. "Some of the work we do in three or six days, that machine does in one hour. Because of that, we

See DHOBI, Page 2

Kiosk

Dollar Drops as Hopes for Rate Rise Evaporate The dollar closed sharply lower on Mon-day, after dealers traded the U.S. currency Board might raise interest rates seemed to have evaporated, analysis said.

They pointed out that the U.S. economy showed little strength and no signs of inflation. Some traders speculated that the Federal Reserve's policy-making arm might lower interest rates on Tuesday to bolster

Trib Index No more political payoffs, Japan business executives now vow. The Pope's U.S. trip: Some argue it was more pastoral than political.

Page 3: Business/Finance The Dollar VW managed to make a profit in July and suggested it had named the corner. Page 9.

the economy. (Page 9)

was minister of health.

collapsed, the police said.

Shokoya, was a technician with Egypt 80,

Fela's band. Last January some band

By Kenneth B. Noble

New York Times Service LAGOS - About the only facts on which all sides in the case agree is that the body of a man was found here in January. not far from the house of Fela Anikulapo-Kuti, Nigeria's most popular musician and an outspoken critic of the military govern-

Fela, as the 54-year-old singer and saxo-phonist is known, has been arrested, charged with murder and released on bond. He denies any involvement in the killing, and he calls the charges ludicrous and politically motivated.

"These people aren't serious," he said.
"It's just another one of their ploys to trap

"They make things up," Fela said at his home in his usual interview attire — bikini underwear. "They'll try anything to get

The question of his guilt or innocence is not likely to be resolved soon. His lawyer, Femi Falana, was arrested

last month and charged with sedition, an offense that carries the death penalty. So too, has Beko Ransome-Kuti, Fela's younger brother, a doctor and former chairman of the local medical society who is among toos held in June.

brought Nigeria's largest cities to a stand-baying served 18 months, and until the last having served 1 the musician's closest advisers.

About the same time, Gani Fawehinmi, another lawyer and a prominent civil rights advocate who has often advised Fela, was also arrested for sedition and held without bail. Even Fela's wife, Fehintola, was arrested last week in a roundup of dissidents, although she was released the next day.

What members of Fela's large extended family - which includes relatives by blood and marriage and an assortment of lawyers, accountants, musicians and politi-cians — have in common is their vocal of her injuries the next year. opposition to the military government.

Many of them are leaders to the Campaign for Democracy, a coalition of about the trade unions and civil rights groups that the rule of General Ibrahim Babangida.

It was the Campaign for Democracy that

The soldiers who have governed black Africa's most populous country for 24 of the 33 years since it gained independence from Britain have made oo secret of their distaste for Fela or his colleagues.

Fela's former communal compound. called the kalakuta, was raided a number of times, most notably in 1977, when soldiers destroyed the building and threw his 77year-old mother out of a second-story window. Funnilayo Ransome-Kuti, a prominent campaigner for women's rights, died

Fela, who has been imprisoned many

ties as a way of getting back at Fela, his brother Beko and other dissidents. The Campaign for Democracy plans an-other general protest for the period leading

his music. "He's being punished not for what be's done, but for who he is." Then came the death of Adesanwo Shokoya. According to the authorities, Mr.

■ Speech Postponed

General Bahangida postponed a speech to the National Assembly on the country's political crisis on Monday, Reuters reportmembers accused Mr. Shokoya of embezzling money, and Fela ordered that he be punished, the police testified in court. He ed from Lagos. He is to address the assemreportedly died from blows he received hly on Tuesday, his 52d birthday.
Also on Monday, the government issued from two men who whipped him until he

a decree making permanent the closing of two newspapers shut last month, including No one has accused Fela of witnessing the incident or being near the scene, but he one owned by Moshood Abiola, who is was later arrested and charged with conwidely believed to have won the annulled spiracy and murder. As many Nigerians presidential election.

Lagos returned to normal after the staysee it, the case is being used by the authoriat-home protest against military rule. Bus-es were back on the roads and commuters went to work in banks, shops and factories that had been shut during the protest.

WORLD BRIEFS

Israel to Let U.S. Press North Korea

On Halting Missile Sales to Mideast

JERUSALEM (Reuters) — Israel said Monday it was suspending contacts with North Korea aimed at halting arms supplies to Iran and Syria. The Foreign Ministry said Israel expected the United States to the cond Proposed particle sales.

work to end Pyongyang's missile sales.

"The contacts with North Korea will be suspended at this point to enable the U.S. to act on this," the ministry said in a statement. Israel, which has no formal ties with Pyongyang, began contacts this year to try to stop the sale of missiles to the Jewish state's enemies.

Prime Minister Yitzhak Rabin said Sunday that Russian planes carried Scud-C ballistic missales from North Korea to Syria last week. The missales might have been shipped on to Iran, he said, adding: "The arms

race is going on."

Foreign Minister Shimon Peres said Monday that Israel would like the United States to lead the effort to halt the arms shipments. "Israel would support very much the leading role of the U.S. to limit the dangers which are coming from North Korea concerning the supply of missiles and concerning the production of the ouclear option," he said.

U.S. Says Suspect Ship Is Near Iran

MUSCAT, Oman (AP)—A Chinese freighter suspected of trying to smuggle banned chemical-weapons components to the Iranians has dropped anchor in international waters near Iran, the U.S. Navy said

U.S. warships have shadowed the Chinese vessel for nearly two weeks as it dodged in and out of Iran's territorial waters in the eastern part of the Strait of Hormuz.

The United States suspects that the freighter has a cargo of chemical agents used to make mustard gas and nerve gas and has asked to inspect its cargo. China has refused and bas denied that the ship has anything illegal on board or that it is bound for Iran.

Lawmakers Reject Rafsanjani Choice 🦠

TEHRAN (Reuters) - The Iranian parliament dismissed the economy and finance minister. Mohsen Nourbakhch, in a vote on a new cabinet Monday, dealing a blow to President Hashemi Rafsanjani.

Deputies of the Majlis approved the other 22 ministers but rebuffed

Mr. Rafsanjani, who made a point of praising the U.S.-educated Mr. Nourbakhch as an architect of Iran's free-market reforms in the debate. Foreign Minister Ali Akbar Velayati and all of the six newcomers to the cabinet, including Interior Minister Ali Besharati and Defense Minister Mohammed Forouzandeh, were approved. Mr. Rafsanjani, who was re-elected with a smaller majority in a June election, made the changes to take account of the wishes of the conservative Majlis majority.

ETA Bomb Scare Disrupts Barcelona

BARCELONA (Reuters) — Basque ETA guerrillas created a major security scare on Sunday and Monday, planting four bombs in this Catalan capital, one of which injured five people.

The casualties occurred when a small explosive device went off in the

toilet of a restaurant in the Olympic port area late Sunday, the police said.

One man was trapped under rubble and suffered serious injuries.

Another bomb went off in a neighboring restaurant at almost the same

time, but the police had been able to evacuate the building before the blast after a phone warning by the ETA, Basque Homeland and Liberty, to a newspaper. Two other bombs were defused, one a car bomb near the central post office early Sunday and the second Monday in a skyscraper block in what was the Olympic village and is now a seaside residential

South African Black Teachers Strike

JOHANNESBURG (Combined Dispatches) — About 70,000 teachers in black schools across South Africa began an indefinite pay strike Monday that will affect more than 2 million students, a teachers'

The general secretary of the South African Democratic Teachers Union, Randall van den Heever, said in a radio interview that the strike was going ahead despite three court orders declaring it illegal. "We believe our demands are legitimate and realizable," he said. The teachers are demanding a 20 percent wage increase and an end to retrenchments. The government bas offered an increase of 6.7 percent.

President Frederik W. de Klerk and Nelson Mandela, president of the African National Congress, said Monday that the country's first all-race election would take place on April 27 as planned. (AFP. Reuters)

\$5,320 Grammar Penalty in Quebec

OTTAWA (AFP) — John LaBrecque's knowledge of French grammar is, he admits. bimited. But be knew that uoder Quebec's language laws the outdoor sign of his car repair business in nearby Hull had to be in French. So he thought a sign saying "LaBrecque Auto Service" would sanisfy the law, After all, "auto" and "service" are words used as much in French.

The Ottawa Ciuzen reported Mooday that Mr. LaBrecque faced a fine of up to \$7,000 Canadian dollars (\$5,320) because his sign should have reflected French adjective placement, "Service Auto LaBrecque."

British Tourists Escape Nile Gunfire

CAIRO (Reuters) — A gunman fired at a boat carrying 44 British tourists on the Nile in southern Egypt on Monday but on one was harmed, the Interior Ministry said.

The boat, the Royal Orchid, continued its journey. Muslim militants have devastated Egypt's tourist industry with a series of gun and bomb attacks. The ministry said the latest attack was oear Manfalut town, 330 kilometers (205 miles) south of Cairo, which is a stronghold of the

TRAVEL UPDATE

Romanian road maintenance workers postponed Monday a strike for higher wages that threatened to paralyze road traffic across the country, which is already feeling the effects of a railroad strike. (Reuters)

The Temple of Peril, a roller coaster at the Euro Disney theme park

east of Paris, has been closed pending an investigation into a weekend accident in which eight tourists were burt, a spokesman for the park said Monday. The ride opened two weeks ago.

(Reuters) Forest fires whipped by strong winds destroyed tens of thousands of acres of pine forests in three locations in Greece on Monday, and the police said the cause was arson.

(Reuters)

Swissair has withdrawn two of its MD-11 long-had jets from service for about two weeks for checks after a spate of problems with the aircraft and their engines, the airline said Mouday. Swissair said it planned to rent aircraft and engines from other companies to try to carry out its flight

Iran to Receive 3d Russian Sub

TEHRAN - Iran will sooo receive its third Russian-made submarine, says the commander of the

navy, Admiral Ali Shamkhani. oewspaper Kayhan, Admiral the northern Gulf had become op- ber

Iraq War was repaired.
Iran, the only Gulf state operat-

crational again after damage

caused during the 1980-28 Iran-

ing submarines, ordered threef In remarks published in the The second diesel-powered submarine arrived at Bandar Abbas at the Shamkhani also said that naval Strait of Hormuz this month. The bases at Abadan and Mahshahr in first one was delivered last Novem-

GIs in Mogadishu: Wary and Weary

By Keith B. Richburg

Washington Post Service MOGADISHU, Somalia - After three months of riding guard on supply convoys — and being shot at by surpers three times — Major Phillips, a U.S. Army staff sergeant from Arkansas, has a different view of the mission in Somalia and of the people be thought he was com-

They throw rocks," be said. "They shoot. They put mines on the road. You can't trust a single

Or ask Specialist Michael Matthews of South Carolina, who has had to alter his daily routine since Somalis started near-nightly gre-nade and mortar attacks on the U.S. Army supply base here.

"I don't mess around," be said. "I try to go to bed around 8 o'clock, because I know we're going to get attacked. I always take a shower as soon as I'm off dury, because you don't want to get caught in the shower when they attack."

When American troops first landed here Dec. 9 as part of a multinational military force, their stated objective was to ensure the safe delivery of food relief to thousands of starving Somalis and to restore order to the chaotic country to safeguard those deliveries.

But these soldiers have found themselves on the front lines of a hit-and-run war being waged be-tween the United Nations - which assumed military command in May - and one of Somalia's principal warlords, General Mohammed

Since June 5, when an ambush killed 24 Pakistani UN peacekeepers, the Americans' principal task has changed from aid work to mostly just protecting themselves

against attack They are frustrated, angry and confused about why they are bere. Does Specialist Matthews think the 4,000 U.S. soldiers in Somalia are accomplishing anything? "No, I don't." he said flatly. "We don't have any need to be over here. They don't want us over here. We're get-

The only convoy I want to go on, he declared, is the one going that they are not out in the streets

Continued from Page 1

muna River, a rush of muddy water stinking of

industrial pollutants that is a major source of

water for many north Indians and a major dumping ground for sewage and industrial waste. Every day, the dhobis assemble piles of

soiled clothing - yellow and blue and green

saris and the long white cotton shirts and trou-

sers, the traditional kurta pajamas - and begin

putrid mud, swinging soaked garments over their head and slamming them onto slabs of stone or concrete. The thwap of clothing

against stone echoes along the river, and with each swing of their arms, the dhobis give a low

"I've been doing this since I was a child." Mr.

Ahmed said. "My father was a dhobi. My sons

are dhobis," he said, his hand flicking toward a

mud flat where a younger man was laying out clothes, more dingy than clean, to dry in the

sun. As he talked, children frolicked in the

river. A small procession of four men, one carrying the wrapped bundle of a dead child,

moved toward the river, where the man pushed

earn and we do eat." He went on: "It's not

providing enough money, about 300 or 400 rupees each week" — approximately \$13.

Mr. Ahmed shrugged at the sight. "We do

the swaddled body into the current.

Hour after hour, the dhobis stand in the

rinsing and washing them in the river.

talion are far removed from the

policy-making councils of the Pen-tagon or the United Nations. They are engineers and transportation specialists who drive and maintain the trucks that carry fuel, water and food to the diverse military forces under UN command

scattered around Somalia. But their staging area, Hunter Base, home for 550 U.S. soldiers. has come under frequent grenade and mortar attack from teenage gunmen who hide in a white villa ust across the street from the

base's main gate. "We don't need to be over bere," said Sergeant Roy Statts, a maintenance specialist from West Virginia. "They don't want us here. We're not doing anything but running supplies to these other countries that are making that big UN mon-

The soldiers, almost unanimously, voiced a common complaint against the U.S. military bureau-cracy; that Americans are the only foreign contingent not receiving the United Nations bonus of nearly \$1,000 a month for serving under the UN flag.

They also complained that the rules of engagement under which they operate are far too restrictive. requiring them to see an attacker clearly before returning fire.

Like those within the UN civilian bureaucracy, the soldiers are also perplexed about why it has taken so long to capture General Aidid, whose arrest was ordered after UN authorities here labeled him a "criminal" and the mastermind behind attacks on the peacelaid to General Aidid's gunmen keeping force, including a bomb Aug. S.

"I think Aidid ain't no joke," Specialist Matthews said, "They oeed to come over and find him. CNN knows where he's at. Go outside and ask any of the Somalis where the general is, and they'll tell you. They just oeed to go get him."

U.S. military commanders say there is no real problem with mo-rale, that the soldiers all understand the mission. Frustrations, they say, stem partly from the fact down the street to the airport."

Sergeaot Phillips, Specialist
Matthews and others like them
with the 260th Quartermaster Bat-



A rescue worker offering his respects to a Buddhist monk on Monday who conducted rites for the victims of the Thai hotel collapse.

5 More Women Alive Under Thai Rubble

NAKHON RATCHASIMA - Thailand -Hours after giving up hope of finding more survivors, rescue workers discovered five women alive late Monday under tons of rubble of the hotel that collapsed here three days earlier.

After deciding that there was no chance of more survivors, the authorities started using cranes and bulldozers to remove the debris. But workers resumed sifting by hand after signs of life were discovered in a conference room where

nearly 120 teachers had assembled when the hotel caved in Friday. The police said late Monday that at least 95 people had been killed in the collapse of the six-story Royal Plaza Hotel in this city, also known as Korat, 220 kilometers (130 miles) northeast

search said 50 to 60 people remained inside the rubble. It said 225 people had been injured.

The province's chief medical officer, Dr.
Chalong Kunha, said two of the five women discovered alive Monday were very weak.

Rescuers working under floodlights carved a narrow numel through the concrete and steel

rubble, big enough to crawl through, to reach the survivors, but were not yet able to free them. Doctors pumped oxygen into the area where the women were trapped.

There also was a report over a rescuer's radio

that a man might be alive elsewhere in the Rescue workers pulled two botel maids from the rubble Sunday and early Mooday. Both victims, Maniwan Titisaksopom, 29, and Na-

legs were amputated. Both women were in satisfactory condition

The police were investigating reports that employees had spotted cracks and leaking water in the building in recent months and that the hotel management ignored the problems. Four hotel executives have been arrested and charged with criminal negligence causing

to the original three-story structure in 1990.

The top three floors of the hotel were added The architect who designed the extra floors said the collapse may have been caused by three huge water tanks that the management put on the roof of the modified structure.

No More Payoffs, Japan Executives Vow

TOKYO — Japan's largest business federation intends to halt all cash gifts to politicians and their parties and will advise member corporations to follow suit, a spokes-

Mr. Ahmed and his three sons work seven a dhobi." Like his fellow dhobis, Mr. Kishan

Kishan, who guessed his age at about 45. "I am all kinds of weather. We work all the time."

man said Monday.

DHOBI: Machine Age Threatens India's Traditional Launderer Caste

days a week, cleaning the clothing of Delhi's

middle and lower-middle classes, a process that

takes six days, from the door-to-door collec-

tion, to the soaking, the beating clean on stone

slabs, the drying on open ground, and then, home delivery. They handle the clothes from

hundreds of people, and, they said, oever return

As the years go by, though, their future, the future of those born to wash clothes, seems

Since 1986, the sale of washing machines has increased nearly fivefold, to about 500,000 last

year. The machines, from simple, almost home-made contraptions to fully automatic machines

based on German or Japanese designs, with

prices ranging from about \$65 to well more

than \$600, are appearing in middle-class homes and apartments across urban India. And where

just 10 years ago any Indian woman who could afford it would disdain to wash her family's

clothes, handing them over to the dhobi, televi-sion commercials now encourage the practice of

stuffing one's own washing machine, complete

with scenes of glamorous women gleefully pushing their husband's shirts into gleaming

"It's not that I became a dhobi," said Ram

a sari to the wrong house.

increasingly uncertain.

danren, or Federation of Economic Organizations, would mark a sig-nificant change in politics, which has been dominated by an alliance between big business and the conservative Liberal Democratic Par-

sees his future threatened by a changing India

of consumer goods and modern conveniences.
"These are all lifestyles according to status," he

said. "Someone who wears a shirt once, they

can use these machines. But someone who

wears their clothes for 15 days, they cannot use

"Day by day, it's declining," he continued.
"We don't have any other skills so we cannot

shift to other professions. And you see here, the river water is getting dirtier day by day, so we cannot keep the clothes clean."

The city government has tried to get some of the dhobis out of the Yamuna by building

clusters of concrete tubs with water taps. But

there are too many dhobis and too few tubs. Kedearnath Kanojia, a man whose leathery skin and sinewy arms are evidence of decades of

hard work in the sun, works with his five sons,

"It's better than the river," he said. "There

standing waist-high in the tubs full of water.

are more facilities here. There's some shade and the water is clean. But we are hardly surviving.

If a family gave us 100 clothes a few years ago.

they only give us 15 now, only those that don't

fit in these new machines. I feel my grandchil-

dren should go into some other profession. This needs a tot of hard work. You have to work in

The move by the powerful Kei-ty. The party recently lost its 38-tyren, or Federation of Economic year grip on power amid public rganizations, would mark a sigfunding scandals. "Although it's not official yet, it

is the new policy line we expect to be adopted soon." said a Keidan-ren public affairs official. The decision, to be ratified at a meeting of Keidanren leaders in early September, will burn the for-

mer ruling party, still reeling from its defeat The new policy reflects a concession to public opinion, which is increasingly critical of the links between companies and politicians

that have brought a string of corruption scams.
The latest scandal, which felled the former ruling party vice presi-dent. Shin Kanemaru, and damaged the party, involved secret donations by construction companies

to former ruling party lawmakers and regional leaders in return for winning public works contracts.

A political scientist, Masaya Fukuoka, said Keidanren was forced to change its funding policy by public disgust

He warned, however, that the new policy could fuel illegal fund-raising by politicians unless the new government moved quickly to enact tough new financing laws.

Keidanren's decision, be said. "is a big step that reflects the changing times. But what's more worrisome is that political donations could go underground and worsen the problem of illegal fund-raising unless stringent laws are passed. Most of Keidanren's political

contributions — an estimated 10 billion yen (\$100 million) out of a total 13 billion yen — have gone straight into former ruling party The figure represents about a

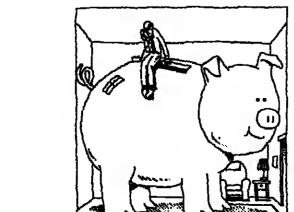
third of the party's total annual haul of over 29 billion yen. But according to media estimates, total corporate donations, legal and illegal, to the former ruling party and individual party lawmakers are about 10 times that Tax authorities issued a report showing that leading firms paid out

almost 56 billion yen in "unspeci-fied expenditures," secret political donations, between July 1991 and June 1992. Almost 70 percent of the total came from construction The ocw coalition government headed by an anti-graft crusader, Morihiro Hosokawa, came to power promising to overhaul an elec-

toral system that encourages corruption and to introduce stringent fund-raising laws and ban or phase out corporate contributions The coalition's eight partners, representing a union group and seven parties from the center-right to the left-wing Socialists, failed last week to agree on a reform plan. Some coalition members like the Democratic Socialist Party, which

received about a billion yen annually from the Keidanren, oppose a ban on corporate donations.

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Clinton Team Out of Gas on Greenhouse Plan

WASHINGTON - The Clinton administration will miss its mid-August deadline for proposing a plan to reduce greenhouse gases by the turn of the century.

Mr. Clinton pledged in April to reduce U.S. emissions of the industrial gases to 1990 levels by the year 2000. He also promised to come up with a plan for achieving the target in time for a two-week meeting in August to discuss the progress of a global warming treaty signed at last summer's "Earth Summit" in Rio de Janeiro.

But an interagency group assigned to develop the plan has not completed its economic and environmental analyses, said a White House spokeswoman, Marla Romash.

The world community by now is aware of the renewed commitment that President Clinton brings to these issues," she said. "The delay speaks to a strong feeling that additional time would produce an additional product." In last year's presidential campaign, Mr. Clinton criticized President George Bush for the U.S. lag behind other industrialized untions in proposals to combat the gases that trap solar heat as a greenhouse does. Some scientists fear the gases will overheat Earth's surface, melting ice floes in some regions and causing drought in others.

Because the gases are produced by the burning of industrial and transportation fuels, the task of cutting them is politically difficult. Although Mr. Clinton, as a candidate, pledged to increase the fuel efficiency of cars from 27.5 miles per gallon to 40 miles per gallon (about 8 liters per 100 kilometers to 6 liters) by 2000 as a way to cut warming gases, an official said Sunday that the administration plan was not likely to include such a provision.

The anto industry and its Democratic champions in Congress oppose government mandates to increase auto fuel efficiency. Administration officials said the plan would be completed toward the end of September.

The President, After All, Likes Vacationing

VAIL, Colorado - For someone who did not seem eager to go on vacation, President Bill Clinton quickly got into the swing.

In just 36 hours in Vail, Mr. Clinton went golfing twice with a former president. Gerald R. Ford. He jogged. He watched an outdoor performance of the Bolshoi Ballet. And at a lavish dinner in a candle-lit tent, he borrowed a tenor sex for a haunting rendition of "My Funny Valentine."

Mr. Clinton was having such a good time that he decided to spend an extra night Sunday in this resort town, forsaking (for a day, at least) his original destination of Springdale, Arkansas. And the White House announced at last that he would spend 10 days beginning later this week on Martha's Vineyard, off the Massachn-

And all this from a president who seemed to take almost as much time deciding where (and whether) to go on vacation as he did in choosing Ruth Bader Ginsburg to fill a vacancy on the Supreme

The influence of Mr. Ford seemed to have been particularly

benign on his thrice-removed successor.

The former Republican president and his wife, Betry, who have been in near-permanent residence in Vail since leaving the White House in 1977, helped the Clintons find a condominium (owned by the Firestone lamily, of rubber riches) near their own and escorted them to the ballet and dinner at the Gerald R. Ford Amphitheater.

Mr. Ford persuaded the famed golfer Jack Nicklaus to join him and Mr. Clinton on the links, where the three spent nearly six bours under stormy mountain sloes. The experience even found Mr. Clinton hoping for a better relationship with Republicans and telling reporters, "I don't ever want the kind of polarization we've had in the

This has been a wonderful day for Hillary and me and Chelsea."

Mr. Clinton said at the dimer, which was given by the Vail Valley.

Poundation, which sponsored the Belshoi yest.

They climbed a mountain, and I climbed a mountain of my

own," the slightly sunbinned president said. "I got to play golf with Jack Nicklaus, it reminds me of a decision I made at an earlier stage in my life, not to become a professional musician. I played with someone who is really great, and I looked at that guy and said, Til never be that good; I better find another line of work." (NYT)

By Robert Pear

New York Times Service

WASHINGTON -- Over stren-

uous objections from some drug.

companies, the federal government is establishing a new program guar-

antecing free vaccine for millions:

of children who are poor or unin-

gress created as part of the budget bill and President Bill Clinton

discount prices from drug manu-

The doctors, in turn, will not

charge patients for the vaccine.

away a child whose parents are un-

The recommended vaccines pro-

tect children against diphtheria,

tetanus, whooping cough, polio, measles, mumps, rubella, hepatitis

signed into law Aug. 10, the gov-erument will buy the vaccine at

Under the program, which Con-

"Ohbhhhhhhhhhhhhhhhhhhhh:" spectators on golf course as Mr. Clinton missed a putt for a par four.

Embattled Clinton Asks Governors' Aid on Health Care

Washington Post Service

TULSA, Oklahoma -- President Bill Clinton came here Monday to begin selling his health care program but instead found himself defending it against charges that it would crush small businesses, as well as lament-

ing the state of life in Washington.
His speech to the National Governors Association annual meeting here was intended to outline his broad vision for reforming the health care system, which he called "the biggest outstanding culprit in the federal

Describing Washington as a place where "consensus is often turned into cave-in" and where scoring points in the press is more important than real accomplishment, Mr. Clinton called on the governors to help plan as "frightening."

By Ruth Marcus and William Claiborne him develop a bealth care program "without the kind of rhetoric and air-fuling bull that we hear so often in the nation's capital."

Sounding beleaguered after a bruising seven months in office, the former Arkansas governor told his onetime compatriots in the organization he once headed: "I miss you. I miss this."

He said bealth care reform would only succeed if it were done on a bipartisan basis, adding, "I never want to go through another six months where we have to get

all of our votes within one party."

Minutes earlier, one of the most formidable critics of his emerging plan, the president of the National Federation of Independent Business, John Motley, described the lack of specifies in the administration's

for their employees would bave "immense consequences for employers, especially small employers." Mr. Motley said that health care reform, as he sees it

AND JORA

unfolding, would be like "tyiog small businesses to a sled and pushing them down a mountain, hoping they'll remain upright." He said thousands of small businesses would close and fewer new ones started. Jeff Eller, a White House aide, said one of the lessons the administration drew from the battle over

early and they can be hard to knock down." "We've always known that small business was going

its economic plan was that "these perceptions form

Mr. Clinton took on Mr. Motley by name in the He said the "untried, untested" proposal to require all employers to pay 80 percent of the health insurance speech, saying that businesses large and small—along with their workers - would be worse off if nothing were done to restrain health care costs.

> "The truth is that about 100,000 Americans a month are losing their health insurance because their employers can no longer afford to carry it under the present system we have, and others, holding on for dear life. are never giving their employees pay raises," he said.

Mr. Clinton agreed that jobs would be lost if employers were simply required to pay for their workers' insurance and nothing were done to fix the system. But he said his plan would phase in the mandates on employers, put caps on the amount they would be charged, reduce paperwork, and brake rising costs.

Insurance Overhaul Appears Negotiable

By Adam Clymer

New York Times Service
WASHINGTON — As President Bill Clinton and his Democratic allies prepare for the health care debate, the major test of his campaign promises, they will find Republicans in Congress far less focused in their opposition than they were on the budget. Republicans on Capitol Hill have deep differences with Mr.

Clinton over health care, both in timing and in substance, but they are not monolithic in their attitudes as they were on taxes and the deficit. And even the views they do share are negotiable. So the Republicans' talk of impending biparti-sanship may he the real thing, not just a ploy to deflect Democratic assertions of obstructionism.

Congressional Republicans deeply oppose two likely elements of the Clinton plan, whose intention is to provide health coverage for all Americans and to control costs. They do not think employers should be required to pay for health insurance for their workers, and they resist the idea of a national ceiling on health spending, which the administration considers essential to control cost.

U.S. Congressman Sees Demjanjuk in His Cell

The Associated Press TEL AVIV - A member of the

U.S. Congress and relatives of John Demianjuk, who was convicted here as a Nazi death-camp worker and then acquitted on appeal, visited him in his prison cell Monday. They then went to the American Embassy for consultations about his return to Ohio if the Israeli ing scheduled for Wednesday. We are here to see what, if any-

thing, I can do to get John Demjan-juk back into the United States," said Representative James A. Traficant Jr., Democrat of Ohio. The Supreme Court is to announce whether Mr. Demianjuk will be deported or held for trial on other

More broadly, the Republicans would prefer to go more slowly than Mr. Clinton would in changing the shape of health care, to see how much money some changes would save before deciding bow to use those savings to improve access

One major difference between the views of Republicans in the House and those in the Senate is over the most expensive element of any major health care overhaul: making sure every American is covered. The Senate Republicans say the program must do that; those in the House, who are especially adverse to additional taxes, do not

So Mr. Clinton can expect strong but not necessarily unalterable Republican opposition in Congress to his efforts to solve a problem that both political instinct and public opinion polls show is a major national concern.

And that, in turn, means that the Democrats, if they can unite as solidly behind some version of the president's bealth program as they did on the budget, should be able to find some Republicans willing to

In the Senate, many Republicans endorse the basic "managed competition" approach that Mr. Clinton favors. In fact, they like it ing cooperatives bargain with health insurers to control rates.

House Republicans are essentially skeptical of "imposing an un-tried scheme nationwide," as they declared in a recent policy state-

But flexibility matters more in the Senate, where 41 of the 44 Refilibuster that blocks any action at

For example, even as that mapic number of 41 Senate Republicans sent Mr. Clinton a letter saying they "strongly opposed" requiring employers to buy insurance for their workers, they were also mak-ing it clear, as Senator John H. Chafee of Rhode Island put it. "We've tried to avoid drawing lines in the sand, saying, 'No, never.'



President Bill Clinton and his daughter, Chelsea, riding on Grouse Mountain, while vacationing near Beaver Creek, Colorado.

enough that they may be prepared to compromise to help enact the system in which consumer purchas-

By Peter Steinfels New York Times Service

DENVER - It is the task of Popes to talk about religion, and for that very reason their religious messages are often considered newsworthy only when they can be distilled into immediate, specific political or moral direc-tives. That is all the more likely when the Pope publican senators can maintain a is known to be as politically minded as John

Given inai fact as well as i of American politics, it might have been inevitable that the Pope's speeches in Denver came across to many as highly political and confrontational, a severe critique of the United States. But given the well-documented independence of U.S. Catholic opinion on how moral issues like abortion should be handled political-

ly, the likelihood of forging Catholics into a militant political bloc seems sight. So in the end, many will leave Denver convinced that, for all the Pope's excursions into areas where politics and religion overlap, he

saw his visit as primarily pastoral.

Those who stressed the Pope's pastoral aims and actions on this trip did not deny that be wanted to rally opposition to abortion and,

increasingly, to euthanasia as well. But they asked why, if the Pope wanted to make his meeting with President Bill Clinton as confrontational as it was widely portrayed, did the word "abortion" not even appear in his

airport remarks?

The Pope, they pointed out, was quite capa-ble of being brutally direct, of waving an accusatory finger in public — for example, at the Reverend Emesto Cardenal, one of the priests who took posts in Nicaragua's Sandinista gov-

In his 1979 visit to the United States, the Pope had strong words in Philadelphia about priests' leaving the priesthood. In 1987, be admonished the U.S. bishops in Los Angeles about the impermissibility of dissent in the

There was nothing really comparable on this trip. Many of the Pope's strongest statements were simply reiterations of things already said by him or his predecessors or even by the Second Vatican Council, which called abortion "an unspeakable crime," one of that council's few condemnations.

Not only did the Pope's speeches include passages at odds with the idea of a narrow political focus, they also included words easily

obscured by the image of a man who is stern and unyielding.

Two interesting examples were mentioned by

and dry air endured by the endless rows of worshipers at a long service.

But their effect was also to highlight the note those who felt that reporters were was missing

the pastoral side of the visit. In the Pope's most direct call to action on abortion, for example, made in his speech Saturday, he spoke not of laws but of "a massive effort to educate consciences."

He concluded the passage by counseling ing about the value of every human life with concrete and effective acts of solidarity with people in difficult situations.

Without charity, the struggle to defend life would be lacking the essential ingredient of the Christian ethic."

Why, if the Pope wanted to make his meeting with President Bill Clinton as confrontational as it was widely portrayed, did the word 'abortion' not even appear in his airport remarks?

In the same speech, the Pope received a standing ovation when he mentioned the mass media as one of the causes of growing violence in modern cities. But rather than milk that line the way many politicians — and many religious leaders, too - might have done, the Pope appeared eager to direct his audience away from easy exaggerations.

You seem to be satisfied with the Pope opposing American TV," be ad-libbed in his neavily accented English at the end of his address. "The Pope has not spoken against American civilization, American society, American television," he said, using the third person, "He has spokeo for an authentic promotion of what is civilization, what is culture - for human

He also skipped over a number of strongly worded statements in the official text of his sermon, including one about abortion and eu-thanasia. Those deletions may have been one of the few pastoral concessions to the piercing sun

Heidelber

But their effect was also to highlight the note

of religious appeal rather than social crincism on the final day his visit. If the massive gathering of young people in

Denver is to have a lasting impact, it will almost certainly spring from the fact that the Pope's battle cry against evils in the world was blended with these moments of pastoral restraint, and with many moments of tenderness as well.

Much about the Pope's visit demonstrated that religious faith, so often the cause of hatred and bloodshed, has the power to break down

barriers between strangers and cultures. In a statement read before the Mass ended Saturday, delegates to the International Youth Forum, a meeting of several bundred young people from around the world preceding World Youth Day, called their experience of dialogue and prayer "an anticipation of communion with God."

The chosen theme of the Roman Catholic Church's World Youth Day just concluded in Denver was "life," a word that rings throughout the proclamations of Jesus, throughout the Judaism from which he sprang and indeed through the texts and rituals of all the world's religious. It is also a word that looms large in American political and moral debates.

Uoquestionably, the Pope came to the United States determined to rally Catholics and others against what he believes is a modern "culture of death" that justifies actions ranging from genocide and "ethnic cleansing" to abortion, cuthanasia, pornography, drug addiction and urban violence.

But John Paul brought a message to Denver that was often directed far more toward exercising a long-range impact on the culture than a short-range impact on politics.

In his speeches, the word "life," which in a United States grown bypersensitive about the abortion issue, could be translated into a statement about the unborn, instead, it encourpassed a much wider range of concerns, including the protection for families, children, the sick and handicapped, the elderly, immigrants, refugees and the needy and oppressed in poor

Nor did the word ever lose its many religious dimensions. The Pope closed Saturday's Mass with references to divine life, eternal life and

Away From Politics

• The biggest illegal U.S. sports betting ring has been cracked with the indictment of 26 people in California and the Dominican Republic, U.S. authorities said. The 26 represented five major syndicates that ran high-tech betting operations on horse racing, college and professional football, basketball, baseball, hockey and other sports, authorities said. The operations used toll-free numbers and computers to take in more than \$1 billion a year from thousands of betters around the country, the U.S. attorney's office said.

 A bear found near where a logger was killed and partly eaten last week in Colorado was trapped and put to death. The black bear, weighing 240 pounds (about 109 kilograms), was caught in a trap weighing 240 pounds (about 107 kilograms), was caught in a trap near the logger's trailer, tranquilized and then destroyed. It had a bullet wound in its side, according to the Colorado Division of Wildlife, It said Colin McCleffand, 24, was killed on Waugh Mountain, about 100 miles (160 kilometers) southwest of Denver, when a

bear attacked him after he shot and wounded it. Signese twins who share a liver and deformed heart will be moved from Chicago to a Philadelphia hospital, where a team of 59 doctors will supervise surgery to separate them, said their father, Kenneth Lakeberg. The Cinidren's Hospital in Philadelphia has agreed to take the case, the father told The Times of Munster, Indiana.

 Two small planes collided over a New Jersey surport on Sunday and one person was killed. Three people were injured, including two in a car that was kit by falling debris. The two single-engine planes were coming in for landings at Lincoln Park surport when they collided about a half mile short of the runway, according to the National Transportation Safety Board

• Flooding abated in southern Minneson after wes dumped nearly a foot of rain; but hundreds remained out of their homes. More than 1,500 people were forced from their homes and remained in shelters, according to the Mower County sheriff's department and Red Cross in Austin, Minnesota.

B and Haemophilus influenza type able to some children in some b, a bacterial disease that is a leadstates, their parents did not always ing cause of meningitis and pneutake them to be immunized. It is for that reason that there is binartisan monia in young children. For procedural reasons having to support for programs to find the do with Senate rules, a key appro-

U.S. to Give Poor Children Free Vaccine

priation for the new program had The program is a scaled-down version of one proposed by Mr. Clinton, who wanted the federal to be dropped from the budget bill and now awaits enactment when Congress reconvenes next month. government to buy and distribute But that provision - making all childhood vaccine in the United federal money available to clinics States. Instead, the program will so they can hire additional staff. serve children who are enrolled in Medicaid and are uninsured or who extend their hours of operation and identify children who need to be get their shots at community health facturers and distribute it at no immunized — has bipartisan sup-

charge to ductors who choose to port and is sure to be enacted.

The Congressional Budget in Nevertheless, it represents a new The Congressional Budget Office estimates that the immunizaentitlement program for children that goes far beyond Medicaid, the federal-state program serving about half of the nation's poor. tion program will cost the federal Though they may charge a fee for administering it, they cannot turn years. It will make vaccine available to

children who meet certain eligibil-Drug companies have argued that parental negligence, not the ity criteria, including many whose families have too much income to cost of vaccine, is the main reason qualify for Medicaid benefits. Ten for the nation's low immunization million children under 18 have no rate. In the past, they point out, even though free vaccine was availhealth insurance even though, in most cases, their parents work.

The law requires doctors who participate in the new program to ask parents "such questions as are necessary to determine" if a child is eligible for free vaccine. But the law also says that doctors "need not independently verify the answers to such questions."

Both supporters and critics of the program say that, in many ways, it reflects the goals of the national health care plan being de-vised by the Clinton administraan effort to guarantee universal ac- price in the private market.

service while controlling its cost. The vaccine initiative was the cornerstone of health care reform, said Isabelle Claxton, a lobbyist in the Washington office of Merck & Co which makes vaccine "The administratioo views children's

vaccine as a public utility." Executives at many drug companies, including Merck, are upset by the envernment's effort to contro the costs of vaccine. The Department of Health and Human Services will negotiate prices with vaccine manufacturers, but the new law limits what the government can

Mr. Clinton has harshly criti-cized drug companies for raising vaccine prices, though companies say the price of many vaccines sold to the government has increased more slowly than the overall Consumer Price Todex in recent years.

Last year the full battery of recommended shots cost \$122 when bought in bulk by the federal gov-ernment and \$244 when bought by private doctors in the open market. For some products, the disparity is even greater. The government buys oral polio vaccine for \$2 a dose, but manufacturer charges almost \$10 a dose to private doctors.

Dr. R. Gordon Douglas, president of the vaccine division of Merck & Co., told Congress that we intend to raise our prices to the full extent permitted" by the law. The company says the increases are vised by the Clinton administra- justified because the government tion. It significantly expands the will buy more of its vaccine at a role of the federal government in discount, leaving less for sale at full



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Herald Tribune

California's Nativist Turn

America's cultural and political trends traditionally premiere in California. For that reason the growing enthusiasm of California politicians from both parties for making immigration a scapegoat for their state's many social and economic ills is alarming and dangerous. Leading the charge is the state's Republican governor. Pete Wilson, who is expected in seek re-election next year amid spiraling defense layoffs, relentless fiscal pressure, acute racial tension and growing anxiety about violent crime. The flow of impoverished job seekers across the Mexican border only heightens the

competition for jobs and dollars. Despite recent enforcement efforts, the federal government seems unable to control buman traffic across the San Ysidro-Tijuana frontier. But the package of punitive anti-immigrant measures Mr. Wilson proposed to Washington last week would bring no more than marginal relief. And the proposals would do so at a high cost in the traditional and

humane values of this immigrant nation. Mr. Wilson wants to deny U.S. citizenship and public education to children born in this country if their parents are here illegally. He asks that states be freed in deny emergency health care to illegals. He wants a new "tamper-proof" system of immigrant identity cards. And he wants Washington to pressure Mexico, in the negotiations for the North American Free Trade Agreement for a police crackdown on its side of the border.

The proposal on citizenship would require amending the constitution and diluting its offer of full citizenship to "all persons born" on American soil. And the right in public educa-tion was established by a 1982 Supreme Court decision, Congress could, if it chose, enact the Draconian health care proposal. But does Mr. Wilson really want to see emergency room urn desperately ill, possibly infectious patients onto the street? Tamper-proof identity cards, however, may be leasible and are already under consideration by the Clinton adminis-tration. No one can argue with the need for better policing of the border by Mexico.

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Mr. Wilson contends that he is targeting federally mandated benefits that draw in millions of illegal immigrants. But a more powerful draw is surely the jobs and wages available even in a depressed California economy. That is why Washington's most recent legislative attempt to limit illegal im-migration, in 1986, aimed at the workplace, imposing penalties on employers who knowingly gave jobs to illegals.

That law has not worked nearly as well as its backers once hoped. The penalties may have been too modest to deter violations and enforcement has been inconsistent. But in bight of the continuing lure of jobs and the near impossibility of physically policing the entire Mexican border, closing loophoies and increasing employer penalties would seem the most promising areas for further action. Yet Mr. Wilson has had curiously little to say

about tougher workplace enforcement. The governor stood on stronger ground carrier this year when he requested additional money from the federal government to offset the costs of federally mandated expenses for immigrant needs. Although the full amount of his request was turned down, Washington eventually provided \$500 million. Asking Washington to pick up more of the costs of its failure to enforce federal immigration laws makes sense. Last week's foray into nativist demagogy only makes political mischief.

-THE NEW YORK TIMES.

Now Let Us Write the Painful Bosnian Postmortem

LONDON — Bosnia is dead, for all practical purposes. It is time for the postmortem to begin. The dying country's final spasms may or may not include some NATO bombs on Serb gun sites, but even if that does happen the thump of the bombs will merely be the coda that marks the end of the whole thing. Welcomed into the world 18 months ago.

Bosnia has ceased to exist as a recognizable entity. The Vance-Owen plan's attempt to keep it alive has been abandoned. All that remains for Bosnia's Muslims - the largest part of its people — is a few patches of territory, surrounded by enemies, that cannot

sustain the refugees crowded into them.

The world's diplomats still talk of "negotiation," but in fact all they are doing is to be up the loose ends of the Serbs' victory. The war is ending, as many leared it would, in interna-tional bypocrisy and Balkan agony. The ques-tion has to be asked: How did this happen?

The first part of the postmortem's answer will be to say that it did not have to happen at all. When Yugoslavia started to break up, the politicians of Europe and America decided that they were not going to risk a light about the principles they knew were involved in the breakup. To justify their decision, they said that their generals had told them a light would be unwinnable. This was not strictly true.

There has always been a body of military opinion which beld that air power alone, used in the right way and at the right time, could at least have made the Serbs settle for a compromise. Even if this trust in air power is exaggerated, it now turns out that some of the West's top soldiers think a war on the ground could have been won. The new chair-man of America's chiefs of stall says its risks By Brian Beedham

may have been overestimated. Some senior British officers were recently reported to have said they reckoned it could have been done. Some Frenchmen think so, too. If NATO troops had been sent to Croatia's border in the summer of 1991 (with due guarantees for that country's Serb minority), the Serbs of Serbia might never have marched over the border, and both Croatia and Bosnia might have been saved. It is true that, once that

The war is ending in international hypocrisy and Balkan agony.

chance had been missed, any subsequent inter-vention would have been riskier and bloodier. But it would not have been impossible. Even four months ago, when President Slobodan Milosevic of Serbia was maneuvered
into saying that he would stop military aid to
Bosnia's Serbs, a prompt posting of NATO
guards on the bridges over the Drina River
could have isolated the Bosnian Serbs, it is
bard to believe that, by themselves, the Bosnian
Serbs and have stood to be the combined.

armies of the West. The politicians who said that force was unusable were guilty, to put it at its mildest, of expedient exaggeration. The postmortem's next question will be which country's poblicians are most to blame. The Americans have no cause to be pleased with themselves. The Bush administration

an Serbs could have stood up to the combined

just wanted the problem to go away. The Cimton people saw that it would not, and were willing to use force to solve it, but they would not let that force include American soldiers on the ground inside Bosnia.

It was the Europeans, however, who were always most rejuctant to use any kind of force,

always most refuctant to use any kind of force, whether on the ground, or from the air, or just by letting the Muslims have better gams with which to fight. It was this that eventually condemned Bosnia to death. And there were, alax, gradations within this general European unwillingness to do anything serious.

The Germans took refuge behind their constitution's supposed prohibition on sending German soldiers to a place like Bosnia; but at least Germany was willing to back some of the American ideas for using force. The French dug their heels in against almost everything the Americans proposed; but at least President François Mitterrand went to Sarsjevo when that seemed a risky thing to do, and France's that seemed a risky thing to do, and France's General Philippe Morillon shoved his way into the besieged Muslim pocket of Scebrenica.

tt is my own country. Britain, that earns lewest qualifications to the charge of appease-ment. The British did indeed send some soldiers to guard the aid routes. But it was Britain's foreign minister who always seemed to lead the objections to doing any-thing more streamons, and who declined to let arms through to the weakening Muslims because he did not want to "level the killing fields." It was Britain's defense minister who said the "overriding" aim in Bosnia was to protect the foreign soldiers there.

Those two remarks will not read well in the history books. If Europe is judged guilty of a historic mistake in the former Yngoslavia, it seems likely that Britain will be considered the intellectual leader of the error.

The postmortem's third question must be how the West can do better next time. A next time there will assuredly be, not least because

time there will assuredly be, not least because the Serbs' triumph is going to encourage awkward people all over the world — tink of Pyongyang and Baghdad — to believe that they can count on a failure of Western will.

If there is one thing to be said in defense of the West's politicians, it is that they knew their voters would not like a long casualty list from Bosnia. The people of the democracies still want to believe that the post-Cold War world in a world in which it is not necessary to world is a world in which it is not necessary to fight. This does not justify the West's inaction in ex-Yugoslavia. The politicians, if they had known their job, should have explained to the voters what was at stake. But it does help to

explain why the politicians dithered.
For the West to do better next time, its politicians have to recognize the first duty of politics; not to conceal painful truths.

Today's painful truth is that the end of the Cold War has unleashed many demons. There

are the countries seeking to build little local empires for themselves. There are the dictators anxious to prolong their power by the acquisition of nuclear weapons. There are the militudinous new assertions of ethnic superiority. And there are the architectures between nority. And there are the subdemous, born of these, that preside over chaos and starvation.
It is not possible to fight every manifestation of these demons. But some of them must be fought. The people of the democracies have to learn that lesson. The disaster in Bosnia may help them to learn it — if their politicians open their eyes, and face the painful reality. eyes, and face the painful reality. International Herald Tribune.

Debating U.S. Health Care

the fast-approaching U.S. national health care debate is conducted, Will the frame of reference be federal or national? The instinct will be in discuss the issue largely in federal terms: To whot extent will a plan increase or reduce federal spending, taxes and regulation?
That is the political fault line, but the federal

health care programs are only a part of the national health care budget, the total the country spends each year. Controlling that national budget has to be a principal goal. But reducing the federal cost and reducing the national cost will not always be the same; in some cases a cut in one could constitute an increase in the other. Thus an "increase" in federal spending and/or taxes may be no more than a transfer into the federal accounts of health care costs previously borne by the states or the privately insured. In national terms, it might not be an increase at all, but betoken a cut if the feds are thought likely to contain the costs transferred. So also the federal government pays less and providers merely look to other payers to make up the difference, the gain will be more apparent than real. It is up to the president and others who are seeking genuine reform to keep the debate straight in this regard, which means to keep it

from being conducted in purely federal terms. Health care reform as most define it involves two contradictory goals. One is controlling costs, the other expanding access. Both will likely require some increase in the federal role. A lot of the complication in the apparent administration plan stems from an effort to exercise the necessary federal influence obliquely at one remove. In effect, it is a form of political disguise. Instead of levying "taxes," the government may end up requiring that "premiums" be paid. What is the difference?

To control costs while minimizing regula-

tion, the administration would also set up a system of "managed competition" under which local health alliances would purchase the bulk of care, in part on the basis of price. In theory it sounds like a private sector solution. But in practice the alliances would likely be as much public as private agencies — the government's regulated surrogates. The supposedly private health care competition would be publicly contrived. There is nothing inherent that, it may be the best way of decentralizing health care while following central goals. But the debate needs to be clear. No trivializing of the subject, no demonizing of the health care industry or the government either one.

- THE WASHINGTON POST.

Will Republicans Shed The Old World Vision?

By Jim Hoagland

WASHINGTON — The rumble of heavy artillery has shaken the political battlefield for months as Republican leaders and President Bill Clinton traded fire on taxes and spending. But on foreign policy the GOP takes only isolated sniper shots at a young Democratic presi-dent groping for America's new role

in a changed world.

That probably suits Mr. Clinton.
But over the long hauf — usually defined in this capital as a presidential term of four years — GOP reti-cence on foreign affairs is not good for the republic, the Republicans or even for Mr. Clinton's presidency. An opposition party must be prepared to set out a responsible alternative vision of where the country should be going, abroad and at home. Is it too early to expect a recently defeated party to outline a comprehensive stand on the world? Perhaps. New Republican think tanks are be-

ing formed and may fill the void. But the disappearance of the Evil Empire threatens to leave the Republicans adrift without a nudder in world affairs. The problem is greater than a recent loss of power. It could be the loss of a raison d'être in foreign policy.

The Senate minority leader, Bob Dole, wings an occasional shot at Mr. Clinton's exposed Bosnia policy. where be urges intervention, or at U.S. involvement in Somalia, where be suggests withdrawal, But Mr. Dole and his ideological cohorts show little sustained conviction that their pre-

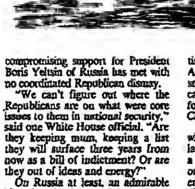
scriptions will solve either problem or add up to an overarching alternative view of the use of force abroad.

Thoughtful Senate Republican such as Richard Lugar of Indiana and William Cohen of Maine, offer sound positions on foreign crises, but do so as individuals rather than as spokesmen for a party that has not always been as forward-looking as they have. This is a far cry from Evil Empire

days or the Nixonian era when Republicans could win elections by suggesting the Democrats were soft on communism, incompetent in for-eign policy, or both. The GOP ex-pertise built up in the hardware of strategic missiles and force projec-tion suddenly looks moldy to Amer-icans laser-beamed on the national economy and local problems.

Beyond the Cold War the Republicans have a long-term problem in defining wby they are more "reliable" on foreign policy than Democrats, as they have successfully done in the past Mr. Dole's demands for ever deeper spending cuts and no-cal, lite taxes leave the Republicans poorly positioned to make greater defense spending a winning campaign theme. Some White House aides were sur-prised at the mildness of the Republi-

can grumbling over the cuts the Clin-ton budget inflicted on the "star wars" missile defense system. The GOP made even less hay from Mr. Clinton's decision to extend the congressionally enacted moratorium on nuclear testing. And Mr. Clinton's un-



bipartisanship is part of the explanation. Host of a recent dinner to discuss U.S. aid to Russia, Secretary of State Warren Christopher found Mr. Dole and other congressional Republicans in a remarkably supportive mood on aid to the former Soviet Union.

But Mr. Dole's slash-and-burn

performance on the budget bill and other legislation suggests that bipartisanship will be exception, not rule.

A more likely explanation for the sniper approach is that the Republicans are content to play defeuse on foreign policy while lambasting Mr. Clinton on his domestic plans.

If so, there is irony aloot. That is

what Mr. Clinton did to George Bush last automo. Mr. Clinton neutralized a four-decade Republican advantage on foreign policy by persuading vot-ers that his election would make little difference in America's approach to the world while there would be a cascade of change at home.

The Democratic campaign strategy of being Bush-plus left the administration struggling in its early months to define a strategic view of the world. So the Republicans have had little to shoot at from their

economy is growing at a healthy 4

percent, but it can only create one

new job for every five entrants into

the work force. Mexico realizes that

decentralization and openness are the path to higher living standards.

from scores of U.S. states are now

engaged in an aggressive commer-cial relationship with Mexico, satis-fying my country's hunger for high-quality goods and services.

According to the U.S. Department

of Commerce, 800,000 U.S. jobs are

currently directly related to U.S. ex-ports to Mexico, two-thirds of them

created since 1987. Caterpillar sold

Hundreds of U.S. companies

That will change in September, as the Clintonites conclude a series of strategy reviews dealing with the fu-ture of arms control and nonproliferation, the structure of U.S. nuclear forces and other topics. The results will be laid out in a major address by the president and several supporting speeches by Mr. Christopher.

It is a new world, demanding new visions and practical suggestions for implementing those visions. The GOP could contribute ideas and reasoned criticism that would help Mr. Clinton sharpen his own positions. To do that, the party must not dwell in a red-tinted past in which questioning the patriotism of Democrats was a powerful electoral tool. The election results of November showed the futility of such old thinking. The Washington Post.

The Discovery at Tel Dan

Other Comment

International Herald Tribune

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It is not one of those cases where a second opinion will change anybody's mind. Still, the recent discovery by archaeologists in Israel of the first non-Biblical reference to King David - in an Aramaic inscription on a slab dug up in northern Israel near Syria — is another satisfying step in one of the more exciting and romantic of the Western intellectual progressions, the drive in corroborate the Bible.

As recently as 200 years ago, hardly anything concrete was known about the ancient Middle East and the long-ago civilizations described in religious scripture — the Egyptians and Israel-ites, the Assyrians and Babylonians, Nebuchadnezzar and King David -- except what the scriptures themselves chose in mention. Even now, after vast advances in archaeology, philotogy and technology, not to mention the entire history of colonialism that sent explorers and collectors scrambling through the biblical lands, scholars have built up only a tantalizingly incomplete story from stones, pottery, excavations and the rare bit of preserved parchment or inscription, it was in the 19th century that scholars deciphered hieroglyphics and found out that Egypt was full of records from the biblical Hebrews' putative adversaries. More were found in Persia and Mesopotamia. But

Export Such Goods With Care

With the Cold War a fading memory and

with lucrative federal contracts for national

security-related products shrinking, pressures

are growing on the Clinton administration to ease export controls on such high-tech prod-

Experience makes clear that there is nothing

fanciful about fears of technology being divert-

ed to sinister uses. Iraq remains the object

lesson from which prudent conclusions must be

drawn. Threats can never be entirely climinat-

ucts as rockets and computers.

references to the Israelites themselves, in this case the Jewish monarchies of the 10th to 8th centuries B.C., bave been especially hard in

come by — at least until now.

A Catholic University professor. Brother Aloysius Fitzgerald, suggests that the Israelite state was, in the politics and economics of the day, "just a little bit of a burg," short on monumental architecture and not often mentioned in other cultures' inscriptions. The discovery by Dr. Avraham Biran of Hebrew Union College, made at a long-standing excavation site called Tel Dan, is striking because it mentions a "House of David" at a time when a descendant of David could well have been lighting the Aramacan kings to his north.

When the archaeologists began on this track in the 19th century, their efforts intertwined with a wider societal movement to see the religious texts and traditions as artifacts, records that could be approached with scholarly detachment - and, for the first time, scientific doubt. These days, scientifie detachment is familiar ground. Corroboration of biblical personalities and interest in the Bible don't depend on each other, of course. But it's a nice combination.

ed. But more refined selectivity in approving

purchasers of dual-use products can cut down

on the chances of inadvertently arming regimes

that are dangerous to their neighbors and the cause of world order. There are worthy, non-

threatening buyers around the world.

Changes should come on a case-by-case ba-

sis, with after-delivery monitoring insisted

upon. It is possible that this condition could cut

that trade intended in serve peaceful purposes

does not become an instrument of aggression.

into some sales. But it could also help assure

- Los Angeles Times.

-THE WASHINGTON POST.

Strong Mexican Progress Bodes Well for North American Trade By José Antonio Alonso Espinosa

MEXICO CITY — As a Mexican businessman, it strikes me that much American discussion of the North American Free Trade Agreement focuses less on the agreement and more on economic, social and political disparities between Mexico and the United States. This discussion ignores the enormous progress Mexico bas made in the last six years and the benefits trade liberalization will bring to both countries. Senator Ernest Hollings, a Demo-

crat of South Carolina, described NAFTA as a "shotgun marriage." implying that Mexico is still too primitive to be a fit trading partner. A sober regard for the facts, however, makes a compelling case for Mexico and NAFTA.

Mexico is no United States. It has

and one-third the population. Loss of ball of its territory to the United States in the mid-1800s and subsequent American domination caused Mexicans to equate patriotism with anti-Yankeeism. This wariness belped to create a tradition of a beavily centralized state and to spawn policies of protectionism im-port substitution and state interven-

tion. Plenty of blame rests with previous Mexican governments. But the country has experienced dramatic change over the last 10 years. With the oil price collapse and debt crisis in the early 1980s. Mexico

embarked on a painful long-term process of economic reform based on

only one-tenth the per capita GNP free-market principles. Under President Carlos Salinas de Gortari, the decades-old traditions of protection and intervention were replaced with massive privatization and deregula-tion. Consider these facts:

 Tariffs have been slashed from over 100 percent to around 10 per-cent, and under NAFTA will be phased out entirely.

 Inflation was reduced from 160 percent to less than 15 percent.

• Mexico joined GATT in 1986 and threw open its economy to forcign investment.

· U.S. exports to Mexico have nearly quadrupled since 1988, to \$40.6 billion in 1992.

Much remains to be done. The

11 big machines to Mexico in 1983; in 1991, 1,200. Aldus and Microsoft bave seen software sales rise sharply, protected by new and strict antipiracy laws. The state of Washington saw the value of its exports to Mexico triple between 1987 and

> NAFTA will solidify and expand reforms in Mexico, Study after study has concluded that the agreement will improve the welfare of chizzens of both countries. Like the United States, Mexico needs exports to boost economic growth. Mexico has also greatly increased its spending to en-force environmental laws and im-prove working conditions. Imple-menting NAFTA will improve the environment along the Mexican-U.S.

1991, to \$241 million.

border: NAFTA has the most exten-sive environmental and labor stan-

dards of any trade agreement. As in the United States, some in Mexico would prefer the old days of xenophobic nationalism and protec-tionism. Many progressive Mexican entrepreneurs stand to lose a great deal as the economy is thrown open to further foreign penetration. Every new American fast-food restaurant that opens on a corner in Mexico means one less restaurant will be cre-

ated and owned by Mexicans. But as we approach the final deci-sion on NAFTA; responsible Mexican and U.S. leaders should promote the long-term interest of all citizens, while seeking to ease the transition of those in both countries adversely affected by trade liberal-ization. Mexico has shown its fitness to join the United States and Canada in forging a vibrant, \$7 trillion market of 360 million consumers. NAFTA is neither a "shotgum marriage" nor a marriage made in heaven. It is a partnership based on mutual self-interest and respect that will promote growth, stability and cooperation in North America.

The writer is chairman of the board of Grupo Expalse SA, a franchise hold-ing company. He contributed this com-ment to The Washington Post.

Halt the New Rain of Bombs in Sudan

By Caroline Cox

and John Eibner

D'Aybaury, who this spring covertly

of ethnic and religious cleansing.

The military regime of General Omar Hassao Ahmad Bashir.

which came to power in a bloodless

coup in 1989, has staked its future

ZURICH - The government of Sudan is again on the military offensive. Since July 26. Sudanese Air Force Autonovy have been indiscriminately attacking civilian targets in the region of Kaya near the Ugandan border. The United Nations estimates that more than 75,000 people have been made homeless and are seeking refuge in Uganda, Zaire and elsewhere in southern Sudan. Other relief organizations confirm

the number is growing daily.

The cease-fire agreed between the government and the Sudan People's Liberation Army last spring is in tauers. The Kaya bombings leave little doubt about the Khartown government's readiness to end the long-running civil war in the South by military means.

The bombings are apparently designed to depopulate the area in advance of a major ground offensive. The government's aim is to take control of the strategic towns of Kaya, Kajo Kaji, Nimule and Yambio by the end of the forthcoming dry season, according to informed Sudanese military sources. These towns represent the last bastions of the SPLA (Torit faction), led by John Garang.

The Sudanese Army is also wreak-

ing havor in the remote Nuba Mountains to the North Last

on rapidly reversing the downward spiral of national decay. Its method has been to implement the radical program of Hassan Turabi's National Islamic Front - ic., the Muslim Brotherhood But nearly four years after General Bashir's coup. Sudan is nowhere near the national salvation promised by the regime. Sudan remains internation-

a most precarious condition. The Khartoum government's pofitical vulnerability has prompted it to take recent initiatives to improve Christmas, government troops mas-sacred the 6,000 inhabitants of the Nuba village of Heiban, according to the French filmmaker Hugo its badly damaged relations with the outside world. The papal visit last February and the government's efficient facilitation of our own

ally isolated. Its economy stands in

visit are welcome signs of this. Sudan's leaders would like the world to believe that it is stocktaking and considering embarking on a new democratic course. They are eager to see the end of the sus-

penetrated the Nuba Mountains.
During our own recent visit to Supension of Western aid. dan as guests of the government, we learned from unofficial sources that in the first week of July the strategic Western governments must vigi-lantly watch indicators of the government's intentions with an open Nuba center of Omdurin was conmind. These indicators include progress in the field of human rights. quered and razed, sending several improved cooperation with internathousand civilians in flight tional organizations in the delivery Khartoum's deeds in Kaya and the Nuba regions lead credence to of bumanitarian aid and steps to ward a quick end to the civil war. the view that it is pursuing policies

The international community must argently discourage Khartoum from continuing its offensive in the South and the Nuba Mountains. The United Nations will be send-

ing the right signals to the Khartown government if it moves rapidly to impose an embargo on the shipment of weapons and oil to Sudan and to establish a military air exclusion zone over the South and Nuba Mountains. The establishment of safe havens and the expansion of the UN's Operation. Lifeline Sudan to the Noba Mountains should follow without delay.

The Baroness Cox is a member of the British House of Lords with a spe-cial interest in humaniturian issues. John Eibner is director of the Institute for Religious Minorities in the Islamic World They contributed this to the International Herald Tribune.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1893: Charcot Is Dead PARIS - Dr. Jean-Martin Charcos,

the eminent Paris specialist in cases of bypnotism, died yesterday [Ang. 16]. The deceased had a world-wide fame as an authority on all diseases or peculiar conditions of the nervo system. His skill as a hypnotist, and his studies and experiments in the direction of hypnotic suggestion had given him a reputation which in some cases amounted to supersution. He was the first to give the phenomena depending upon animal magnetism the official or scientific stamp.

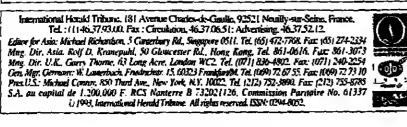
1918: 'Russia Is Saved'

LONDON - An Allied diplomat who has arrived here from Petrograd states that remarkable scenes occurred during the British landing on the Murman coast. "I was at Mur-man," he said, "when the British arrived, and I am quite incapable of conveying an idea of the wild joy their arrival caused. Old people shed

tears of joy exclaiming: 'Russia will be saved after all!' The peasants, the workmen and the aristocracy know that Germany is their enemy. Never before has the situation in Russia been so (avorable to the presence of the Allies as at present."

1943: Crisis in Norway

STOCKHOLM - From our New York edition: Norway was placed virtually under military law tonight [Aug. 16] following the execution of the Norwegian civil police chief by the Nazi occupation authorities, who accused him of disobedience. A roundup was ordered of all Norwegian military officers still in Norway for transfer to Germany as prisoners of war. In addition, Fuebrer Adolf Hitler had rescanded an amnesty granted to Norwegian officers still in Norway because some of them had joined acmies fighting Germany of had committed illegal acts. About 500 regular officers and 1,000 reserve officers were affected.





حكدًا من الأصل

WASHINGTON — In the weeks before Vincent Foster's death, he was working on overcoming ethical concerns about one of Hillary Chinton's assets by putting the Clintons' financial

ortem

holdings into a blind trust. The guilt-ridden deputy counsel may have mishandled a potential conflict of interest in Value Partners, an investment group in which Mrs. Clinton held nearly I arcent; her estimated share is \$100,000. The partnership was about 14 percent invested in health care stocks at last year's end; it had "short" positions in such companies as Health Pro, Cryomedical Sciences and Bioplasty, betting their prices would drop. The partnership man-

ager. William Smith, tells me he spoke to Mr. Foster "three or four times" this year. Mrs. Chnton's public pronouncements about health and her hints at the need for particular price controls had a direct and predictable effect on stocks in that field Counsel Foster assured her she had no conflict-of-interest problems because she

was not a government employee.

Then came the lawsuit demanding she open health reform meetings to the public. The Federal Advisory Commission Act says that such meetings can be closed if attended only by "full-time officers and employees" of government. Whate House Counsel won the case by claiming Mrs. Clinton was indeed a federal official for purposes of that Act. But appellate Judge Laurence Silberman put a pregnant foot-note in his June 22 opinion: "We do not need to consider whether Mrs. Clinton's presence on the Task Porce violates any conflict-of-interest statistes."

By William Safire

Had Mr. Foster's victory in court subjected the first lady to a Justice Depart-ment investigation based on the Criminal

Code's section 202? Faced about this, Counsel Bernard Nussbaum faxes back: "The decision did not purport to affect the question whether the first lady is an officer or employee for any other purposes, including applition of the conflict of interest laws."

About the propriety of these holdings: "She had no role whatsoever in the invest-ment decisions of the fund. . . . Its holdings included some assets that are healthrelated, but the total of these assets is a minor portion of the fund's entire porto-tio — to our knowledge, less than 10 percent. Mr. Foster was aware of these facts. The matter was not discussed with the Office of Legal Counsel."

Reasonable ethicists will grant that Mrs. Clinton's health-related holdings are, as Mr. Nussbaum writes, "clearly insubstantial, because they are both a small amount of money and an insignificant part of the Clintons' total assets." Nobody suggests she was out to make a buck on short sales of medical stocks. But what may well have contributed to Mr. Foster's gloom was the need to pro-tect the first lady from the consequences of his FACA victory with legal legendemain. His solution was to put this active

official outside the reach of the law. Section 203 specifically exempts the resident and the vice president from the conflict-of-interest law. Adds the re-

doubtable, likable Mr. Nussbaum: "It is the view of the White House counsel, consistent with the views of prior administrations, that the first lady, like the president, is not covered by the conflict of interest statutes and regulations."

That's the Foster-Nussbaum doctrine, not the law. The noncoverage of this most governmentally energetic first lady was not sanctioned by Congress. not approved by the courts, not even

reviewed by Justice.
Justice's much-ignored Office of Legal Counsel once led by such huminaries as William Reinquist and Antonin Scalia, was again bypassed by the White House. (The de facto boss at Justice, Hillary law partner Webster Hubbell, even took over the poor guy's office space.) Mr. Nussbaum says that President Reagan's Office of Legal Counsel "opined that the first lady was not subject to these laws" - as

if Nancy Reagan ever claimed to be a government official for any purpose.

The blind trust finalized three days after Mr. Foster's death does not clean up a half-year's dealings of an asset that a lawyer sensitive to the appearance of conflict should have ordered divested on

Inauguration Day.

What must have added to Mr. Foster's mental burdens? Not the money made by Mrs. Clinton's \$14,000 piece of health stocks; that's chicken feed. It was the trap set for her by her own counsel: She must seek to join the president and vice president as the only full-time government officials exempt from the conflict-of-interest law.

The New York Times.

In 'Superstition Park,' You Might See Yourself

By Robert L. Park

their profession was depicted in "Jurassic Park" that they have proposed a public relations campaign to counter the film's "anti-science" message.

They've fingered the wrong flick. The threat to science, if any, comes from films like "Dracula," in which religious icons ward off evil. A little science, even implausible science, is a welcome relief from the superstitious twaddle Hollywood gives us.
One in four Americans consults a

MEANWHILE

horoscope before reading the headlines and a third believe they have been in touch with a dead relative. Polls in Britain and Germany have found that a substantial majority believe in good-luck charms and fortune tellers. In the former Soviet Union, the state suppressed such things. But now, the peo-ple are squandering their freedom of thought on the same preposterous nonsense that afflicts the West Astrologers, psychics, palm readers and faith healers seem to have popped up on every street corner in Moscow. On college campuses in America,

students are surrendering their free

WASHINGTON — Some scienwill to religious cults. The Branch Davidians in Waco, Texas, were not semiliterate rustics. Most were college-educated and some had advanced degrees: There was a Harvard-trained lawyer, a computer consultant, an accountant,

But not just cult followers reject the idea of a rational, understandable universe. At a time when telescopes peer to the very edge of the universe and grant accelerators prepare to recreate the conditions at the beginning of time, most people find the old myths of creation unsatisfying. The New Age movement, with its blend of anti-rational mysticism and symbols borrowed from science, embraces psychokinesis, telepathy. channeling, pyramid power, UFOs and other modern superstitious beliefs.

How are we to account for such widespread nutriness? Is it indelibly coded into our DNA? Maybe.

Without getting into questions of technical feasibility, imagine using preserved DNA to clone one of our Stone Age ancestors instead of tyran-nosaurs. The Cro-Magnons lived in the Pleistocene era some 30,000 years before the dawn of civilization. Would a Cro-Magnon clone be a savage brute that could escape and terrorize society?
I'm afraid "Pleistocene Park"

wouldn't be that exciting a Cro-Ma-



gnon reared today would be virtually indistinguishable physically and mentally from the rest of us.

Evolution is a very slow business. It cannot keep up with the pace of change in recent decades; that change came about because humans accumulate information from one generation to the nex.. not because our brains are better than those of the Cro-Magnons. We are pretty much unchanged from

the savages who survived in the Pleisto-cene forests by eating grubs off rotten logs. It seems remarkable that creatures who evolved to find food and avoid predators should be capable of writing sonnets and doing integral calculus — much less operating a videocasette recorder. But no matter how clever we are at doing these things, the world of jet travel and computers bears no resemblance to the primitive world in which

we evolved over hundreds of thousands of years. The wonder is not that some of us act strangely at times or hold irrational beliefs but that we cope at all in such an alien world.

Unlike our nearly stagnant DNA, our society will change even more rapidly as we leave the century of physics and enter the century of biology, when bumanity will gain control over the genetic basis of life itself. If "Jurassic Park" raises a concern, it is not that the new biology will create monsters but that its power will be wasted on such trivial

The writer is professor of physics at the University of Maryland and director of the Washington office of the American Physi-cal Society. He contributed this comment to The Many York Trans to The New York Times.

LETTERS TO THE EDITOR

Russia and Estonia

Regarding "Heed a Russian Cry of Despair" in Estonia" (Opinion, Aug. 14) by Andrei V. Kozyrev: Mr. Kozyrev exhorts us to heed the "cry of despair" of the residents of Narva, whom he sees as victims of Estonian nationalist radicals encouraged by the Council of Europe's indifference to local human rights "to pursue policies. reminiscent of ethnic cleansing."

He writes: Today, this town symbolizes one of the most serious challenges to European stability." And further: "This is why the events in Narva should become a touchstone of the ability of Europe. to effectively prevent and extin-guish conflicts," Quite so.

But has Mr. Kozyrev forgotten another touchstone? In Bosnia, oeither Europe, nor Russia, heed-ed the "cry of despair." Indeed, the latter leads the noninterventionist pack. The title of William Pfaif's opinion column on the same page sums it up: "Sarajevo:
Great Powers Play Out the Trage
dy Again." Impervious to the les-

I have read with interest the rent articles and letters that have appeared on your editorial regarding the situation in the Estomiso city of Narva. The argoment presented by Russia's foreign minis-

ter is the most inconsistent of all. Mr. Kozyrev claims that there is "historical background" to the Russian presence in northeast Estonia. This background only goes back as far as 1940, and resulted from forced Russification rather

from forced Russification rather than natural migrations.

He states that present-day Russia has "no responsibility" for Stalin's crimes, or, presumably, for the Russification that occurred in the Baltics through the Brezhnev era. Hasn't the Impanese government Hasn't the Japanese government recently made a public apology for the treatment of "comfort women" during World War II? Aren't demonstrations by right-wing extremists in Germany compared by the press and by politicians with events in the 1930s? World opinion certainly holds these two countries accountable for atrocities commit-

nerican In

ted 50 years ago.
The Estonian government has demanded no apologies from Mos-cow. But it has been left to manage a demographic situation much changed since 1940; from 90 percoanged since 1940; from 1946.

cent ethnic Estonian to just over 60
percent Estonian. While every effort must be made to accommodate the Russians, their influx into Estonia has been an artificial and colonial one and blanket citizenship is not the answer. Russians and Estonians alike must be pa-tient with the ongoing negotiations v (and their inevitable stimbling blocks) on the status of the Russian immigrant population.
Inflammatory pieces such as

that by Mr. Kozyrev, with inappropriate references to "gimboats" and "bloodshed," do not help. NORMAN WARE

The FAO and Fisheries Regarding "Plundering the Seas"

The editorial errs on the role of the UN Food and Agriculture Organization in world fisheries. Far from encouraging the overfishing that has caused depletion of certain stocks, the FAO has warned against it for decades. Through its exclusive economic zones program, it has successfully persuaded many developing nations to limit fishing to sustainable levels.

For years, the FAO has issued "early warnings" on the need to reduce fishing by predicting environmental change, as with El Niño and its effects on the Peruvian anchovy fisheries as far back as the

early 1970s. One of the FAO's main concerns in fisheries has been the protection of artisanal fishing and small fishing communities. In 1986 it launched a yearlong global campaign for the benefit of small-scale fishermen and their communities. The FAO has been operating a large number of technical assistance programs focusing oo just that sector.

The FAO also played a key role last year in the organization of International Conference on Reface the cost of sppeasament, indecision and complete contrasted with the task of draften chirasted with the task of draf promote compliance with conservation and management measures by vessels fishing the high seas and to deter the use of flags of convenience as a means to under mine such measures.

RICHARD LYDIKER, Director.

Information Division. UN Food and Agriculture Organization. Rome.

A Sobering Message

In response to Germany Seis Treblinka Chief, Free After 34 Years" (Aug. 2):

I find it particularly ontrageous that Knrt Franz, the brutal commandant of the Treblinka death camp, was freed by the German authorities. At his trial in 1965 (a bit late considering that the war ended in 1945), he was convicted of actively participating in the mur-der of 300,000 Jews.

Furthermore, he was known for his particular viciousness in enouraging his dog to attack prisoners, and in many cases used the command "Man, grab the dog!"

The verdict stated, so as to avoid any misunderstanding that "man" referred to his dog, and "dog" referred to the prisoners.

With his role as one of the most sadistic murderers in the history of the world established, how could the German government let him go free? What message does this send to the butchers in Bosnia, and what does this say about the German government's credibility to criticize the events in Bosnia?

Additionally, what does it say to the right wing thugs in Germany? The message that it sends is, unfortunately, terribly sobering: German justice is arbitrary, and the German government's atti-tude toward coming to grips with the German death machine of the 1940s is superficial.

ERIC S. GOLDSTEIN. Oxford, England.



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حددًا من الأصل

By John Tagliabue New York Times Service

ROME - The principal suspects in Italy's recent wave of terrorist bombings are remnants of Italy's battered Mafia, backed by international criminal organizations, the national police chief has disclosed.

The chief, Vincenzo Parisi, also said in published interviews that investigators were pursuing links between extremist groups in the for-mer Yugoslav republics and Italian organized crime factions that are said to be exchanging weapons and "favors."

The disclosures provided the first rough outline of the approach being taken in the investi-gation of the bombings, which have struck museums and churches, leaving 10 people dead and dozens wounded.

Mr. Parisi said the attacks appeared to have been aimed at derailing Italy's investigation into vasi official corruption. But he said that they also appeared to be linked to "other less evident but more important interests" that in-

By John Pomfret

Washington Pust Service SARAJEVO. Bosnia-Herzegovi-

na - The United Nations has un-

dergone a fundamental change in

its troubled operation in Bosnia,

from trying to protect people

against aggression and starvation

to making easier a process that

could end in the partition of Bos-

nia UN and Western officials say. Underlying this change is the be-

lief of UN officials that the batreds

are so intense among the three lac-tions — Croats, Muslims and Serbs

- that only partition will stop the

war before another terrible winter.

ment that because Western govern-

Also implicit is the acknowledg-

Mafia hoodlums were obtaining "logistical sup-port" from "extremist groups" in former Yugoslav republics and other countries of Eastern Europe. This prompted a government decision last week to reinforce security on Italy's north-

eastern fronter by sending troops there, he

If the evidence is borne out, it would appear that the bombings were the work of international crime organizations seeking to deter Italy from a sweep that has imprisoned the leadership of the major organized crime families—the Mafia in Sicily, the Camorra in Naples and the 'Ndrangheta in Calabria—and dramatically curbed their operations in Italy.

As an example, Mr. Parisi saud. Italy's place in the international drug-trafficking circuit had been "marginalized" by the arrests.

No progress bas been reported in the search for the those who planted bombs in Rome and

pose a peace upon the warring sides, any peace will do.

Muslim entity in Bosnia even if they get separate states.

The change highlights the diffi-culties of what many military and disaster relief specialists believe giog them to break every agreement

atlan factions will be willing to tol- for the Serbs, Commander Frewer

UN Shifts on Bosnia to Favor Partition

cluded "central criminal organizations" with activity "not bound by our national territory."

The police chief said Italy had evidence that criticism of the apparent inability of the authorities to track down the culprits.

The lack of progress in the investigation raised particularly embarrassing questions be-cause it followed a similar failure to solve a series of earlier Mafia-related killings, including the assassimulions last year of two leading judges in the anti-Mafia crusade, Giovanni Falcone and Paolo Borsellino.

Moreover, the investigation of Italy's bribery and corruption scandal is reaching deeper into cases of politicians who gave organized crime protection from prosecutioo. Gherardo Colombo, a judicial iovestigator into political and business corruption in Milan, recently attribut-ed investigative successes in that northern Italian city to a collapse of "mechanisms of coverage and protection" in the government. He said this could also yield breakthroughs in unresolved murder cases, like those of the judges.

- but I won't call it a siege."

were not besieging Sarajevo.

reality, echoed recent claims by the

Bosnian Serbs' political leader, Ra-

dovan Karadzie, that his forces

Ganic, issued a statement Monday

night proclaiming Commander Frewer unacceptable io Sarajevo.

electricity and water. Its people

cannot leave without risking death

from Serbian snipers. There is no

international mail service and oo

international telephone lines. Most

everything that comes ioto the city does so at the whim of Serbs man-

ning checkpoints.

Sarajevo still is largely without

The Bosnian vice president, Ejup



Workers cleaning up a vandalized Soviet cemetery in the East German town of Cottbus on Monday.

Kohl Party Assails Socialists on Rally

BONN - Chancellor Helmut Kohl's Christian Democrats criticized the Social Democratic-led government of the West German state of Hesse on Monday for failing to stop a weekend neo-Nazi rally in

The manager of Mr. Kohl's party, Peter Hintze, cootrasted the Hesse government's failure to prevent the rally, by about 500 neo-Nazis to Fulda on Saturday, with the police action that be said had prevented demonstrations in the state of Thuringia. The Chrisoan Democrats lead the Thuringia government. "The SPD must know that in lighting right-wing

extremism, decisive action counts more than lofty

words," Mr. Hintze said in a statement. He urged the Social Democratic leader, Rudolf Scharping, to explaio whether this "laissez-faire" attitude represented the party's general approach to dealing with the far right.

The police turned out io force across Germany on Saturday to stop neo-Nazis from bolding their annual rallies on the anniversary of Hess's suicide in Berlin's, Spandau prison on Aug. 17, 1987.

The Hesse state Interior Ministry said Mooday that the police had been taken by surprise by a last-minute demonstration in Fulda but that they had reacted quickly and succeeded in preventing clashes between far-right and leftist groups.

Rules Out Disarming Guerrillas

BEIRUT - Lebanon ruled out any security deal with Israel oo Monday, but it said it was ready to send hundreds more soldiers south to the border.

lo southern Lebanon, meanwhile, guerrillas fired three rockets at an Israeli Army patrol in their first attack on Israel's forces there since a cease-fire ended a seven-day assault last month israeli artillery and tanks retaliated within minutes, pounding guerrilla-held areas north of its self-styled security zone, security sources said. No casualties were reported.

About 300 Lebanese soldiers took up positions a week ago in a United Nations zone facing Israel's front lines. The deployment, made without consulting Syria, reportedly strained Syrian-Lebanese rela-tions, but Syria said Monday that the ties were still "strong and deeprooted."

Political sources said the Syrians had told the Lebanese that a large deployment could lead to a con-frontation between the army and Hezbollah guerrillas and strengthen Israel's long-standing demand for a security deal with Lebanon. Defense Minister Mohsen Dal-

loal said Lebanoa would not dis-arm the guerrillas before Israeli forces left the zone they occupy. He said the token force had been sent to encourage the return of civilians.

Israel has been pressing Lebanon in the Middle East peace talks to agree to ensuring security along Is-rael's corthern border and in the buffer zone it established in southern Lebanon in 1985.

Officials said five Lebanese officials - President Elias Hrawi, Prime Minister Rafik Hariri, the parliamentary speaker, Nabih Berri, Deputy Prime Minister Michel Murr and Foreign Minister Fasis Bouez - met with President Hafez

Assad in Damascus.
"Contrary to what the Israelis were planning, the crime against Lebanon has led to the promotion of friendly Syrian-Lebanese relations," the Syrian state radio said.

BOSNIA: Initial Accord for UN to Control Sarajevo

will comprise the lion's share of the

UN's activity in the future.
It points out, they say, the dan-

gers of not making peace first and relying on the goodwill of warring

In Bosnia, as a result of these

decisions, the main opponent of partition—the Muslims—appear

to be getting squeezed by UN offi-cials to submit to it.

in that it assumes Serbian and Cro-

ments do not have the will to im- erate the existence of a mostly described the Serbian forces that

But critics say the plan is flawed

Continued from Page 1

nia that are surrounded by Serbian

Word of the agreement coincided with a UN announcement in Sarajevo that the last unit of Serbian soldiers still occupying strategic high ground overlooking the Bosni-

an capital left Monday. Serbian forces seized the two strategic mountains over a week ago, stalliog the Geneva talks, which resumed on Mooday, and raising a prospect of NATO air strikes to destroy artillery threatening the capital.

The leaders accepted to principle that Sarajevo "will be administered for an interim period by the United Nations," Mr. Mills said, adding that the length of the period had yet

The parties accept as a basic

Nations," be said.

Mr. Mills said the three-man committee would also examine the issue of civilian policing, coordina-tion with the UN administrator and the fuoctioning of the municipal authorities.

lo a report to the Security Council earlier this mooth, the mediators warned that Sarajevo's fate was "the most contentious issue" blocking their negotiations.

As the talks resumed after a twoweek boycott by Mr. Izetbegovic, Croats gave Muslims an ultimatum to accept Serbian-Croatian plans to divide up Bosnia or face prolonged

"Any party that attempts to make fundamental changes of the map we have negotiated so far does principle the exclusion of all armed not want a peace agreement but

forces except those of the United wants delays and war instead," said Mr. Boban in remarks clearly aimed at Mr. Izetbegovic,

they get separate states.
"The way the UN is oegotiating

they make," said a senior Western

military officer who visited Bosnia

recently, "They really put the cart

reflected oo Monday when Lieu-

tenant Commander Barry Frewer, chief spokesman of the UN force

here, claimed that Sarajevo was no

tonger under siege by the Serbs.

Gulfaws broke out in the press

In a statement loaded with praise

The new UN attitude was clearly

before the horse.

Earlier Mooday the leaders agreed to allow UN military observers to go anywhere in the coun-

Serbs and Croats have offered the Muslims a landlocked enclave covering nearly 30 percent of Bos-nia, but Mr. Izetbegovic wants 40 perceot, iocluding Serbian-held towns near the border with Serbia in eastern Bosnia that ooce were predominantly Muslim.

Mr. Karadzic, whose Serbs would have to give up some of the territory they bave seized in the war under any of the proposed settle-ments, has flatly rejected Mr. Izetbegovic's demands. Serbs control about 70 percent of the country.

A Rush of Medical Help Offers of hospital beds for Sarajevo's sick and wounded flooded into the United Nations on Monday from governments under fire at honor of Hitler's deputy Rudolf Hess.

home for maction on the war, oews agencies reported from Sarajevo. Italy offered to lead the international effort by promising 450 beds—chough to clear a list of seriously wounded patients drawn up by the UN after Britain and Sweden last week offered to take in Sarajevo's most desperate cases.

By Monday afternoon, the UN said it had been offered more than 560 hospital places in 15 countries.

 Anger at Airlift of Soldiers Doctors treating Bosnian men flown to Britain io an emergency airlift said Monday that several of them appeared to be wounded soldiers, lending weight to angry reac-(AP, Reuters) tions in British newspapers, Reu-ters reported from London.

BONDS: Gambling Revenue Inspires New Bid to Collect From Mississippi

Continued from Page 1

broker and a co-founder of the bondholders' association, likens those 19th-century American bonds to investments in "emerging nation" bonds today.

The two banks failed in the United States' financial panic of 1837, Mississippi quit paying interest on the bonds four years later. In 1875, the state sought once to end the matter once and for all, passing an amendment to the state constitution specifically barring payment oo

In the intervening century, revolutions have engulfed the likes of China, Russian and Bulgaria. Yet the descendants of those govern-ments have one by one seen fit to hooor their prerevolutionary debts and paid off their bond-holders — typically at something like 50 cents

So conscience-ridden did defaulted govern-ments become in the 1980s, io lact, that three years ago the Council of Foreign Bondholders, a London-based organization set up in 1868 to pursue such matters, proclaimed victory and

"There was no point in going on and cootinu-ing to employ staff just to deal with Mississip-pi." said Michael Gough, the council's last director.

For decades, though, the council did maintaio polite pressure on Mississippi. Every time the state elected a new governor, the council would write to him, reminding him of his duty to the bondholders. The most recent of many officials to disre-

gard such a letter was Mississippi's current treasurer, Marshall Bennett. "It does not mean compelling need to prioritize that type of ex-pense," he said in an interview.

The high-water mark in the campaign came

in 1934. Just over a century after the bonds were issued, the Priocipality of Monaco entered the fray. As the holder of hundreds of the bonds, Monaco pleaded its case before the U.S. Supreme Court and was rejected. The court claimed a lack of jurisdiction.

As many people saw it, that ruling sealed the bondholders' fate, "If people won't talk to you and you cannot sue them, then you are stuck," summed up Mr. Gough.

But then along came Mr. Barry, Mr. Seabrook and Paul Neville, a Jackson-based attor-

tion is unconstitutional," said Mr. Neville, who is now pressing cases on behalf of the European Association of Mississippi Bondholders in both state and federal courts.

Mr. Neville, who traces his Mississippi roots back to antebellum days, calls the state's stubbornness on this issue an "unfortunate blot" on its bonor.

What spurs Mr. Neville and his clients now is the suddenly surprisingly good condition of Mississippi's finances. Two years ago, the state legalized riverboat gambling. Now, with the ikes of Donald Trump r bigger gambling dens aloog the state's shores, Mississippi's budget has swung into surplus. — Besides, the British bondholders argue, they

are not asking for all that much.

"Being nice chaps, we are not suing for com-pound interest," Mr. Seabrook said. One hundred and fifty-two years of compound interest on the bonds, which were to pay between 5 percent and 6 percent annually, would, he ac-knowledges, he as "absolutely astronomic" amount.

Dr. Charles Baring Grant is a descendant of the Barings banking dynasty of the 19th century that sold Mississippi's bonds in Britain originally. A general practitioner in Sussex, he in-herited his bonds 30 years ago and confesses that long ago be came close to discarding them.

"I was tempted," Dr. Grant said, "but I saved them because I thought they might make good lampshades."

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> 210d: Wheel Series # 210 -- Tickes # 0336

MOSCOW: Reign of Underworld

Continued from Page 1 each trying to carve out a piece of illegal activity for itself.

not bard to spot. They strut through the glitzy bars and casines in wide-shouldered suits, surround-

ed by bodyguards and women in short Lycra suits. They often have cellular telephones to their ears. They tend to travel in expensive Western limousines with cars full of bodyguards close behind. "This is their hour," a disgusted Muscovite said, watching a sleek Mercedes-Benz with an escort car

behind flash through a red light. "They have waited this long to live this way, they don't care if they die doing it.

In an interview, a top Russian ed to all the American films: the police official said there were as whole atmosphere is like back in many as 3,000 gangs in Russia. of Chicago in the 1930s."

which 150 have evolved into wellorganized fraternities.

In Moscow, the police have iden-Moscow's shadier characters are iffied 9 or 10 large gangs, most with ot bard to spot. They strut affiliations to other regions of Rus-

The social breakdown that accompanied the collapse of the Soviet Union has added to the sense of

"This country is going from communism to recklessness overnight," said Jeffrey Zeiger, of Trenton, New Jersey, who owns two restati-rants in Moscow. "Now there is a total disregard for law and order. Russlan eutrepreneurs are into flashiness, having fancy cars, wearing fancy clothes. Maybe it is relat-



CHRESTYLE OCCURENT, TV NEWS PERSONALITY

People at the top read the Trib.

Herald Eribune.

U.S. Sees Disease Risk In Tissue Transplants

By Warren E. Leary

WASHINGTON - Concerned that hepatitis, AIDS and other infectious diseases can be spread by tissue transplants, the Food and Drug Administration will seek expanded authority to regulate bone, skin, comea and other burnan tissue used for more than 400,000 Federal health officials and representatives of the tissue transplant

industry say the transplants, which also include blood vessels, tendons, ligaments, cartilage and heart valves, are generally safe and rarely cause infectious disease. But the health officials and some members of Congress contend that new rules are needed to ensure that the transplants are effective

and to prevent the recurrence of cases like one in which 61 organs: and tissue grafts taken from a Virginia man who was infected with ... HIV, the virus that causes AIDS, were transplanted to more than 40 people. Seven were infected with the virus, and three have died. Although most tissue used in transplants is obtained in the United States, the officials are increasingly concerned about supplies from other sources, including the former Soviet Union, that might not

meet existing voluntary standards. Tissue that is improperly collected, processed or shipped, experts said, is more likely to fail in a recipient's body, causing further

medical problems The collection, testing, distribution and use of large organs like hearts, kidneys and livers is closely regulated. But the industry supplying most other transplant tissue is basically self-policed and follows voluntary guidelines for safety and quality.

According to U.S. and industry figures, each year about 10,000 donors supply more than 400,000 tissue grafts for transplants. This compares with 16,000 transplants of whole organs from 4,500

Representative Ron Wyden, Democrat of Oregon, said he would introduce legislation to give the Food and Drug Administration wider authority to regulate tissues and to charge the industry fees to cover some of the costs.

Mr. Wyden said the increasing use of nonorgan transplant materi-

al raised not only safety issues but also questions about the handling of the tissue. There have been a number of reports of grafts that have failed because of handling problems, he said noting that processing and storage can significantly alter the characteristics of tissue. Working with lawmakers, the FDA is helping draft legislation that

would define tissue banks and require them to be registered and certified and to follow standard practices in obtaining processing packaging and distributing tissues. In addition, tissue companies would be required to follow standard procedures in screening and testing donors and to keep decaded

records on the transplant tissue and donors. The rules would make mandatory most of the practices that are

ENICE - Five centuries ago, when the silk weavers of Venice were at the height of prosperity, they were esti-mated to have had some 10,000 looms in operation. The sumptuous patterned velvets, procades and damasks they produced adorned the walls of the city's grandest palaces and richest churches, covered tables, uphol-stered furniture, and garbed the very top rung of nobles and ecclesiastics. Rather heroically, it has been a small, family-run company - Luig Bevilacqua S. L. R. - that has almost singlehandedly preserved traditional Venetian handweaving during the course of our century, though even its days, as a producer of handloomed fabrics, may be numbered.

Once, explains Giulio Bevilacqua — a hale man of 74 who has overseen Bevilacqua's two factories since the 1960s — everything was

Only two trained weavers, both in their 50s, remain at Bevilacqua's original

location, working part-time.

simpler. Whole families would come to work and stay until retirement. Typically, a girl would begin the ardnous five-year apprenticeship for becoming a weaver at age 12. (He can remember only a single man, who gave up after two years, in the '50s.' "Parents would say. Now you go to Bevilacqua, and you stay at Bevilacqua. You learn. And that was that. But these days potential apprentices disappear after a week. "When I telephone the mother, the mother says. 'She doesn't like to work.' "Thus, only two trained weavers, both in their 50s. temain at Bevilacqua's original Grand Canal location, working on a part-time basis.

This is not to say that Bevilacqua is going out of business. Far from it. As the difficulties of hand-weaving have steadily mounted, the alternative of increasingly sophisticated automated machine weaving has steadily improved. And all of Bevilacqua's 3,500 antique designs continue to be available—only now more than 95 percent of their mendation is readed by machine at the their production is made by machine at the company's second factory on the mainland. In a single day, says Bevilacqua, with little mental or physical strain to the weaver, a machine can do what, on a hand loom, would require two weavers working an exhausting week of 40 hours. As a result, though differences in quality be-tween machine-made and handmade cloth may be negligible, the latter, to be profitable, must be sold at four times the former's price. This, he maintains, has grown virtually impossible.

Part of the problem is simply that the world has changed, something confirmed with se, stifted eloquence one afternoon, as I sit with Bevilacous in his office and listen to him decoding the faded ink ledger entries in the old Bevilacous order book.

In 1929, four kilometers (4,375 yards) of handloomed cut-velvet for Rome's new opera house (an uncluttered, early 16th-century pattern of thistles and star-shaped flowers) in dark red silk. Reordered twice (by fabric houses in New York): 1930, a commission from the Maharajah of Gwalior to reproduce his coat of arms (two pythons poised to strike, standing to each side of a blazing sim (acc). in pank, black, burgundy and pale silver. Then, in 1940, an order for a yellow patterned velvet, supplied intermittently through 1945, for the Yellow Room of Franklin Roosevell'a White House freordered by one of his successors in the early 1970s). And, just after the war, numerous orders from, and several personal visits by, half a dozen members of the Swedish royal family. Then there was the Vatican (for whom Bevilacqua was an official supplier), and perhaps the factory's favorite visitor, the immensely popular Patriarch of Venice, Cardinal Roncalli (later Pope John XXIII). He came in 1957 and spent half the day chatting with everyone, at the time more than 50 full-time weavers

working 57 looms, on three floors. But even in the middle 1950s the omens had already begun appearing. Many of Bevilacqua's workers were nearing retirement age without apprentices, and like apprentices, royal patrons had also begon to grow scarce. The kilometer of complex "green garden" velvet ordered by King Farouk of Egypt in 1950 was delivered barely a month before he was deposed (a fate that would later overtake another valued Bevilacqua client, the Shah of Iran). And often, when there were royal orders, they tended to be smaller - the most recent, from the Sheikh of Kuwait, shortly before the Iraqi invasion (for a brocade of silk and precious metals) totaled only 120 meters.

HOUGH, to an extent, luminaries of the Italian fashion world, including Valentino, Roberta di Camerino (who ordered her handbag linings here for years) and other designers, sometimes made up years) and other designers, sometimes made up for the shrinking market in brocades suitable for copes and chasables (as prices soared to \$2,000 per meter), they tended to order not costly damasks and brocades, but taffetas and blocds which after an initial couple of seasons. blends which, after an initial couple of seasons, they often copied and remade themselves, rath-

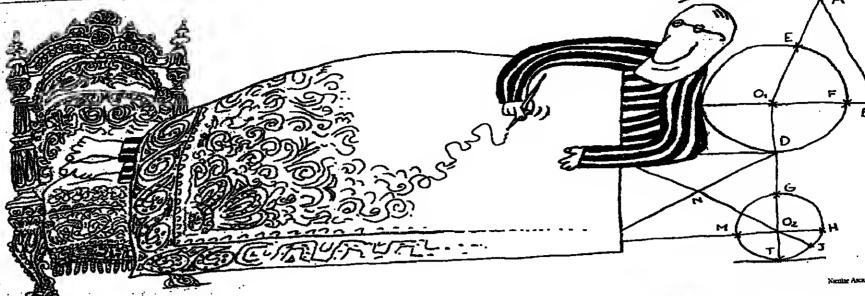
er than reorder. er man restrict.

Increasingly, it was museums and the occasional restoration of a Grand Canal palazzo, where anything from anywhere else would have been unthinkable, that were the only regular customers for Bevilacqua's hand-loomed fabtics. The process of slow attrition had begun.

At least for now, however, traditional Venetian weaving will continue. In a room filled with row upon row of of idle 18th- and 19th-century looms, two women remain at work, five mornings a week. Hour by hour, their steady rhyth-mic clack produces 78 centimeters (30 inches) a day of the firm's only standing special order ironically, perhaps, from a customer in New York. For 26 years, in alternate months, they have been weaving one month of simulated silkvelvet leopard and one month of simulated silkvelver tiger. Tiger. Leopard. Tiger, Leopard. Almost a kind of sentence. And likely it will continue until they both retire.

WHAT THEY'RE READING

Goy Lesser



French Design and the Power of Politics

By Roni Amelan

ARIS - Pressure on Paris trendies to redecorate their homes for the third time in 10 years is off and France's leading design magazines are cordially inviting readers to hide the furniture they bought during the design-crazed 80s with a piece of fahric.

"Not surprising," says Pierre Staudenmeyer founder of the Neous galleries of Paris and New York, who observes that because of the recession "only textile manufacturers still advertise in home decorating magazines.

Furniture itself is out," according to design critic Thierry de Beaumont, who observes that "the high price of Paris real estate means people don't have the space for furniture."

Such mundane considerations carried no weight during the extravagant '80s when the French espoused new concepts of interior design on a scale unprecedented in this country, steeped as it is in a tradition of bon good, which has its roots firmly planted in the royal palace of Versailles.

"I bate good taste," says Andrée Putman, the grande dame of French interior decoration. who introduced the loft style in France in the early '80s and educated a generation of French aesthetes. They discovered the classics of early 20th-century modernism through her company, Ecart International, which re-edited works by the likes of Eileen Gray and Pierre Chareau.

Shortly after his 1981 election, François Mitterrand commissioned a young unknown, Philippe Starck, to design and furnish a room in the Elysee Palace while the only slightly better known Jean-Michel Wilmotte was asked to design the private presidential apartments. A new official good taste was launched and a renaissance of French design was heralded.

Starck and Wilmotte, like other designers of the new generation, drew their inspiration from

shape of an odd cone, or an uncomfortable

detail on the back of a sofa. Shortly after the Socialists' victory, Jack Lang, then culture minister, sent ripples of shock, indignation and admiration though the media when he wore a jazzed-up Mao suit by Thierry Mugler to the National Assembly. As in the old pre-Revolutionary days, the

dictates of style came from the palace. The impact of Mitterrand and Lang. conbined with the consumerism of the '80s, helped young fashion and furniture gain star status. Most trendy Parisians loved Lang for his enthusiastic support for practically all forms of cultural and aesthetic expression, It was a glamorous time in Paris and everything new became

chic - provided it hore a label. RCHITECTS were selected by presidential committees to redesign the Paris landscape. A "simple taste for basie geometric forms" was attributed to Mitterrand on the basis of the pyramid at the Louvre, the cubic arch at the Defense business district, the spherical cinema building at the Villette science museum and the four rectangular towers of the national library that are still under construction, Simple forms, black leather, steel and chromium were the order of the day.

Advertising played a key role in the '80s fashion and design boom. The industry was experiencing a period of growth, both in business and creativity and advertising-related professions gained a new prestige. Advertising has since "floundered in public

esteem," according to Marie Brazier, artistic director at Grey Publicité, who adds that this loss of status has been accompanied by a return to a "much more traditional visual idiom." Bernard Chapuis, publisher of Vogue

Hommes, explains this return to conservative values saying that by the late '80s, people had had enough of the "fashion victim syndrome."

"Advertisers played a part in the stylistic

quently featured a postmodernist twist, in the renewal of the early '80s," he says, but then they started taking themselves too seriously, contributing to their own discredit.

Link JORA

Chapuis explains the link between the Socialists and advertising: the Socialists, unlike the conservatives, were not born to a tradition of leadership so they called on advertising consultants to help them form an image" when they

came to power.

The Socialists' popularity declined in the late 80s and a new style of design — frequently described as neo-Baroque - hegan edging the neomodernists off the center stage.

The new movement was led by the couple Garouste and Bonetti, who drew their inspiration from the works of Diego Giacometu (brother of the sculptor Alberto) and decorator lean Rovère.

The first major showcase of this new movement was the gallery En Attendant Les Bar-bares, which was opened in Paris in 1989 by Frédéric de Luca and Agnès Belbeau.

De Luca defines his aesthetic ideology as "tribal" and says that it reflects an "idea of freedom, including the liberty to be inspired by other people's work. He admits that he started producing furniture in the early 80s as a reaction to the dominant modernism; "much of which was bad quality and ugly," he says.

Disenchantment with the neomodernists may be also due to the realization that while Starck and the other leading designers of the 80s proclaimed a wish to produce beautiful objects for the masses, their products were almost as expensive as the Louis XV furniture cherished by traditional French middle-class right-wing voters. The design utopia, like the political utopia of

the Socialists themselves, started sounding hol-

Design is now once again becoming a minority interest in France, and Standenmeyer pre-dicts that the next style, "a return to 50s and '60s type functionalism, will come from the

U.S." The great new age of French design

Tentative forays into new idioms can regularbe detected at the Paris VIA gallery while Starck continues to inspire the furniture sections of the major department stores, always a little slow to pick up on trends.

Staudenmeyer argues that "design itself is out of fashion" while de Beaumont contends that popular perception in France has turned design "into a style, just like any other," He deplores that "French manufacturers regard design as nothing but embellishment for up-

A sign of this can be seen in the traditional market products. furniture-making district of Paris, the Faubourg Saint-Antoine, which has started producing its own interpretation of "design furniture" while it continues to sell artfully crafted fake antiques.

HE more exclusive furniture shops of Paris clearly reflect the current confu-sion: Each gallery valiantly continues ence and all the styles developed and discovered since the early '80s coexist side by side. De Luca compares the present to the Victori-

an era, "the first period to mix styles," he says,
New impetus is not likely to come from the new center-right Prime Minister Edouard Balladur, whose traditional tastes have been well documented by the French press. Caricatures in the prestigious daily Le Monde regularly depict him as an 18th-century grandee carried in a litter.
Balladur is a man of his times and the public has lost interest in the radical concepts of caviar Socialists. The 18th-century model is once again the dominant source of inspiration for French ideas about beauty and fine living, It is not easy to beat the court of Versailles at the luxury game, and it will take a major economic recovery to send French consumers on a new

design shopping craze. Runi Amelan is a free-lance journalist based in

THUNDER POINT

By Jack Higgins. 320 pages. \$22.95. G.P. Pidnam's Sons.

GOERING'S LIST

By J.C. Pollock. 378 pages. \$21.95. Delacorte.

Reviewed by Herbert Mitgang

THE Third Reich went down in flames in 1945, but its personalities continue to provide plots for authors of suspense fiction in the

In "Thunder Point" by Jack Hig-gins, the name that hovers in the ekground of the story is Reichs leiter Martin Bormann, head of the Nazi Party chancellery and Der Führer's powerful secretary. Bor-mann died in the Berlin bunker with Hitler, or so goes the official Precord. Or did he escape by submarine to the U.S. Virgin Islands and then to South America?

Higgins is such a self-assured old pro ("The Hagle Has Landed,"
Eye of the Storm") that we're willing to suspend disbelief and happily go along with his premise that
Roymann on Hitler's orders fixed ann, on Hitler's orders, fived to light another day for National Socialism, taking with him certain incriminating evidence that would

CHESS

By Robert Byrne

HE game between the Man-hattan grandmaster Ioel Ben-

jamin and Aviv Friedman of Israel

in the International Open Tourna-

ment, from May 1 to May 8, shows.

how a mating attack can strong ly

The Advance Variation of the

French Defense, 3 e5, seizes space in the most direct way. The Russian grandmaster Yevgeny Sveshnikov has currently returned it to prominent and has a search to consistently

nence and has won so consistently

against the main defense, 3 - c5 4

2 NG 5 NG Qb6 that Friedman

It might have been better for

Friedman to carry through his

counterattack on the white center

with 9 _ Need 10 de a6 because 11

Bd7 Bd7 is solid while the outcome

of the pawn sacrifice with 11 Ba4

He avoided 11 _ Nes? because

12 Qe6! wins a pawn after 12 _ Qe7 13 Bd7 Nd7 14 Qd5. On 11 _ Qc7

12 Bc6!?, he avoided recapturing with 12 Och because 13 Bg5

After Benjamin centralized his

king with 38 Kd4, he leveled his

pieces at the kingside with 40 Be5, 41 Rh3 and 42 Reg3. On 44 Rgh3 Br1 45 Kc5!, it would have been of no use to continue in passive mode

3 makes it hard for Black to finish his

shifted to the rare 4 _ Ne7.

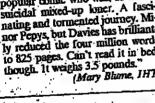
bs 12 Be2 Nes is unclear.

development

intrude into a quiet endgame.

· Rouald Searle, the caricaturist is reading "The Kenneth Williams Diaries." edited by Russell Davies. Forty years of diaries left by a popular comic who was, in fact, a suicidal mixed-up loner. A fascinating and tormented journey. Minor Pepys, but Davies has brilliantly reduced the four million words to 825 pages. Can't read it in bed, though It weighs 3.5 pounds.

(Mary Bhane, IHT)



be a postwar blow to the Anglo-

American alliance. The documents include a "Blue Book" that contains the names of British aristocrats and members of Parliament who admired the Nazi cause. American friends of the Third Reich are also on the list. A second paper, the Windsor Protocol, addressed to Hitler in 1940, is signed by the Duke of Windsor, who agrees to take over the throne after the Germans invade and con-

Now it's 1992, and several cometing forces discover the existence of the documents. Britain's prime minister is aware that the revelations of the "Windsor Protocol" could destroy the monarchy. Group Four, an elite section

FRENCH DEFENSE

26 Raci 26 Raci 30 Raci 31 Raci 31 Raci 31 Ka 32 Ka 35 Ka 36 Raci 37 Ka 38 Ka 39 Ba 40 Ba 41 Rh 31 Raci

with 45 ... Bh5 46 g4 Rf8 47 Kd4

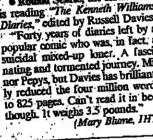
because Friedman could not resist

by 47 _ Ra7 in view of 48 Rg6! hg

49 Rh8 K17 50 Rh7 Kg8 51 Ra7. And on 47 _ Be2 38 Rg3, there

would have been no defense against 39 h41, 40 h51, etc.
Friedman hoped to catch Benjamin overextended with 45 ... d4,

unaware of the New Yorker's deep mating combination with 46 Kc6!



British Intelligence, wants the Bormann papers to expose the traitors who favored the Third Reich, Heirs of the British aristocrats, once linked to Sir Oswald Mosley's homegrown blackshirts, want to conceal the names in the "Blue Book." And a Caribbean drug dealcr. with a yacht and a gang of cutthroats, whose family had ties to the Nazi escape organization — the Kamaradenwerk, or Action for Comrades — sees the documents as an opportunity for blackmail.

The pursuit shifts smoothly from the chancelleries of London to the beaches of Caneel Bay and the scuba-diving reefs and cays in the Virgin Islands. After all these years, the wreck of the German U-boat that transported Reichsleiter Bor-

Position after 53 . . . Kg6

course, hopeless for Black) yet after

49 R3h5 gh 50 Rh6!, the black king

was in an incredible mating net. On

50 ... K.7 (50 _ d1/Q 51 Ke7 per-

mits no defense against 52 Rh8 male) 51 Rf6 Kg8 52 Ke7!, there-

was no use queening the pawn with

52 ... d1/Q because of the annihi-

Friedman struggled with 52 ...

lating 53 Rb6!

mating componing on with 45 keys and Friedman did 47 Kd7 d2 48 Rh7! Friedman After 54 ... ef 55 Rf6 Kg5 56 Rd6, tried 48 ... Rh5 (48 ... d) / Q7 49 Ke7 the d2 pawn was lost and Friedman gave up.

nann is discovered at Thunder Point, off St. John Island, It will take an expert diver who can also handle firearms and explosives to reach the U-boat, blast it open and retrieve the Bormann briefcase before any Kamaradenwerk sympathizers. This task obviously calls for the services of Scan Dillon, a former terrorist for the Irish Republican Army, who is one of the author's unlikeliest yet most likable heroes. In a rogue operation, it takes one to catch one.

Although "Thunder Point" stretches historical truth, Higgins makes the plot so dramatic that we o along for the tide because his locales are authentic and his characters realistic.

The thievery of Field Marshal Hermann Wilhelm Goring, who was in the dock at the Nuremberg war crimes trial and poisoned himself in 1946 before he could be executed, hovers in the background of "Goering's List" by J. C. Pol-lock, a seasoned author of espicnage and action thrillers. But it's not Goring the war criminal but Goring the art collector who's at

the center of this unusual story. Pollock devises a caper that ha enough basis in reality to make it acceptable as factual fiction. Dur ing World War II, Göring looted art collections or forced his victims to sell priceless works of art to him for a pittance of their true value.

A secret list was kept of Göring's artworks. This incriminating document, revealing the illegal sales to cooperating dealers and individuals, was obtained by a former member of Hitler's SS. The list was then acquired by his son, Jurgen Strasser, a former Stasi agent who is now leader of the Red Army Faction, the German terrorist group. List in hand, Strasser begins kill the vulnerable owners in New York and London and to steal their stolen paintings.

To capture the terrorist, the CIA

enlists the usual disgruntled opera-

'Goering's List" is most original when Pollock exposes the pompos-ity of the art world's proud collectors rather than when the machine pistols hlaze away.

Herbert Mitgang is on the staff of The New York Times.

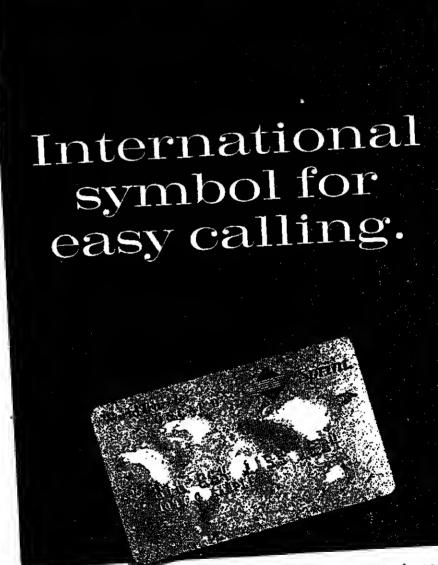
NEW FALL WINTER COLLECTION ESCADA' Paris left bank Kh7, yet after 53 Rf7 Kg6, Benjamin struck the decisive blow with For orders 54 [5] The point was that on 54 ...

Kg5 55 Rg7! Kf5 [55 ... Kh6 56 f6

h4 57 B44 picks up the dangerous

d2 pawn) 56 Rf7 Ke5 57 Rf1 wins.

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INTERNATIONAL STOCKS

German Shares Prosper Despite Recession Gloom

By Ferdinand Protzman

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ONN - From an unpromising start, 1993 is turning out to be a pleasant, if tricky, year for the German stock market.

A summer rally has punched the 30-stock DAX index through the 1,800 level, and some analysis are saying the DAX could approach 2,000 level, and some analysis are saying the are banks, chemicals and Allianz AG, the big insurance company. The current optimism is quite a change from the doom and gloom prevalent at the beginning of the year, Back then, Germany was

sliding deeper into what became sliding deeper into what the World The buying focused the worst recession since World

lts powerful central bank, the on companies expected · Bundesbank, was keeping interest rates high. The nation's ex-

port-oriented industry was suf-fering from a strong Deutsche mark that boosted its prices abroad and economic weakness

throughout Western Europe, its main market. Analysts, alarmed by the outlook for share prices, counseled Analysis, alarmed by the outlook for share prices, counseled caution. But investors ignored that advice. Prices rose in a brisk first-quarter raily, with the buying focused on companies expected to rebound most strongly in 1994 because of serious cost-cutting offerts counsed by the sceneric degrees. efforts caused by the economic downturn.

In the second quarter, the economic background remained weak,

In the second quarter, the economic background remained weak, the recession persisted and share prices gradually retreated. Cantious analysts recommended a handful of blue-chip shares like Deutsche Bank AG, Germany's largest bank, and Allianz.

Then came July and a broad rally that surprised the market and has shown no sign of abating. The DAX stood at 1,545.05 at the end of 1992. On Monday, it finished at 1,912.19, beyond the 1,800 level that the research departments of most German banks were predicting for the end of this year.

While ever-cautious market analysts warn that bouts of profitating could cause some fairly violent price swings over the next

taking could cause some fairly violent price swings over the next few months, optimism rules the day and further gains are expected.

There is plenty of liquidity in the market from foreign and domestic investors. Interest rates are declining in Germany and Europe and investors are also less defensive now," said Heinrich Europe and investors are also less defensive now, said Heinrich Ackermann, managing director of Bank in Liechtenstein (Frankfurt) GmbH. They are buying quality, meaning stocks in companies making a profit now, like the construction company Bilfinger & Berger and Continental, which is one of the few concerns in the

See GERMANY, Page 11

Reginald Dale is on vacation.

VW Posts A Profit For July

Report Coincides With New Charge It Took GM Data

By Brandon Mitchener International Herald Tribune
FRANKFURT — Amid fresh allegations that members of its top management had engaged in indus-trial espionage, Volkswagen AG landed its first real public-relations counterpunch io weeks on Monday with the news that it had posted a

profit in July.

The profit, the first by the global VW group's German parent company so far this year, was immediately heralded as a turnaround for the troubled automaker, which is Germany's and Enrope's largest.

"If we keep going like this, it will take a lot of hard work, but we still have a chance to break even by the end of the year," Chairman Ferdinand Piech told German television, putting July's parent-company profit at 70 million Deutsche marks (\$41 million).

Previously, VW had reported a group loss of 1.61 billion DM for the first six months of the year. The disclosure of a single

month's profitability is a highly un-usual move for VW, and comes as the company is hoping to divert attention from its vicious war of words against the Adam Opel AG mit of General Motors Corp. over José Ignacio López de Arriortúa, the company's controversial new purchasing manager, who left GM to join VW to March. It will take weeks to consolidate

group figures for the month, a spokesman said, but the preliminary parent-company figures were released to show with numbers that we're on the right track."

Despite the positive results, however, VW shares fell 7.20 DM on the Frankfurt Stock Exchange, to 392 30 DM, even as most other blue-chip stocks rose. The reason for the VW decline, traders said, was a new, detailed report to Mon-day's issues of the German weekly Der Spiegel saying aides of Mr.
Lopez copied and collected GM
company secrets on YW grounds
VW has already admitted to destroying GM data, but so far has

denied copying it. The magazine's report coincided supervisory board chief, had browith news that Kla ken off a vacation to oversee an independent auditor's investigation, commissioned by VW, of allegations by GM that Mr. Lopez and seven associates stole corporate secrets when they switched to VW.

Citing sources within VW, Der Spiegel reported that 11 German interns and an unspecified number of I have associated with the company of I have associated the company of I have a sociated the com of Lopez associates "photocopied, manually copied and stored secret data and tables by the pile io computers" io an office complex near VW's headquarters to Wolfsburg shortly after Mr. López left GM in

The magazine, which has already forced VW to make several emberrassing confessions, described its new evidence as a smoking gun that would provide the company an ex-cuse to rid itself of Mr. Lopez.

In a separate commentary, the magazine's publisher described Mr. Lopez as an "egomaniac" who had "bewitched" Mr. Piech, other members of the VW board of directors and several politicians who had lent

the Spaniard moral support. But Mr. Piech, in an interview Monday with the German all-news television station N-TV, again stood behind his charge. "I'm convinced this man did not do the things people say he did," Mr. Picch said.

Adam Opel, the big German op-erating unit of GM, is VW's chief competitor in Europe.

As announcements of cutbacks accumulate, meanwhile, Opel on Monday announced a 500 million DM expansion at a plant in Kaiserslauten, Germany.

The New Face of China Carving a Niche in Makeup and Marketing

By Lawrence Malkin

International Herald Tribune, Tuesday, August 17, 1993

NEW YORK — For generations, the lure of the China trade has been the bundreds of millions of Chinase themselves. Anyone who could corner the market for toothpaste or soap in the most populous and homogenous nation on earth could count on cash flow like the Yangtze River.

Open this market to Yue-sai Kan and you have an object lesson in the tricks of customized market-ing in China with a bonus of some of the lore of guanxi, the Chinese combination of political connections and personal contact essential for doing business in a pre-Enlightenment society of men,

"All business is cultural," says Ms. Kan, herself a cross-cultural phenomeaon who ought to know. Although hers is the best-known face on Chinese television -an instant marketing advantage for any cosmetics producer — she is an American capitalis to the tips of her fingernails, which have been painted with her own brand of Chinese red enamel. Although she spends most of her time in China

nowadays, home is a town house off Sutton Place in New York, which she shares with her busband, James McManus, who runs his own multimilliondollar marketing business and who provided advice during the three years it took to set up a factory in the Shenzhen Special Economic Zone and organize a national marketing network. All told she has 150

employees.

She is her own best advertisement for her line of the she own best industries linesticks, rouges, 45 beauty products, including lipsticks, rouges, moisturizers and night creams made with Chinese herbs. Lamched only six months ago, they are already selling in half a dozen cities in 15 department to the product that the selling in half a learner treach the ment stores, where trained saleswomen teach the art of makeup. Her digitally enhanced photograph hangs over every Yue-Sai cosmetics counter and is

the brand's logo.
"My face is Asian — black hair, dark eyes, small nose, round mouth — and billions look like me," she

Compiled by Our Staff From Dispatche

HOUSTON -- Continental Air-

lines said Monday it would ebmi-

nate 2,500 full-time jobs and balt

service in nine cities after losing \$24.4 million since emerging from

The announcement came less

than a week after Northwest Air-

lines and Continental lost the \$3

billion lawsuit on alleged predatory

pricing that they bad brought against American Airlines. Conti-nental officials said the job cuts

were not related to the outcome of

The job cuts, the first announced

since Continental emerged four

bankruptcy protection in April.

said. "Nobody ever cared about my makeup needs. I don't want shiny eye shadow: I have puffy eyes. You need in minimize your nose; I need in bring mine need in minimize your nose; I need in thing finite
out. The standard of beauty that has been pushed on
Asian women has always been the beautiful, blondehaired, blue-eyed woman. What is chic in Europe is

what you had to copy everywhere.

"I decided I was not going to be victimized any more as an Asian woman. If someone had really done something like this for me before, I wouldn't have gone into China."

Targeting the Chinese market with her own brand was the rationale for her \$4 million investment in Yue-Sai cosmetics. She declines to give any figures but says her business began making

'My face is Asian and billions look like me. Nobody ever cared about my makeup needs.

Yue-sai Kan, cosmetics executive

comfortable profits right after last fall's launch, and she foresees no difficulty in meeting her plan to recoup her investment within four years.

She does not expect the government slowdown now under way 10 put a serious dent in her finances. Indeed, she warned that the Chinese economy "can get way out of hand, and thank God for centralized government to control the pace when they are trying to modernize all those people

To be fair to her international competitors, successful ones like Avon have adjusted their product line to the demands of Chinese women, and Avon is even manufacturing in China for export. Avon officials have a healthy respect for Yue-Sai

See MAKEUP, Page 12

On Weakness In U.S. Rates Compiled by Our Staff From Dispatches

Dollar Slides

LONDON — Dealers turned on the dollar Monday, pushing the U.S. currency sharply lower as they focused on interest-rate differentials with Europe and the remorse-

less demand for yen. The Federal Open Market Committee, the policy-setting arm of the U.S. central bank, is to meet Tuesday, and financial markets have been speculating it might vote to reduce interest rates in give a boost to the slowly expanding economy.
While few analysts have said that is likely, lears that the Federal Reserve Board might raise rates seem to have evaporated as the U.S.

economy shows no signs of price inflation and little strength. "Dollar selling has elearly be-come the path of least resistance. with a series of weights holding it down across the board," said Juoni Kokko, international economist at S.G. Warburg in London. "Tomorrow's FOMC's a big influence though. While overnight talk of the Fed moving to an easing bias are a bit silly at this stage, that's just the type of speculation that will weed

out the dollar." The dollar fell to 1.6869 Deutsche marks from 1.7123 on Friday, and it dropped to 101 575 yen from

The Bank of Japan intervened heavily to deflect the dollar's fall toward 100 yen, but dealers thought 101.900. it was just wasted effort given the unrelenting demand of U.S. invest-ment funds and corporate Japan for the yen and the conspicuous absence of other central banks.

"Japan's huge trade surplus has become an embarrassment. Last protection, cover about 6 percent of the 42,000 people employed by our industry competitors." week the yen appreciated against the dollar and the European Monetary System to direct response to the reported \$11.8 billion trade surtinental said, and would come to plus for Japan in July, said Carl Weinberg, chief economist at High Frequency Economics. "This week the U.S. trade deficit comes ioto Of the nine cities scrapped by the airline, three are in the United States: Bismarck and Minot, North the spotlight," be said. Dakota and Spokane, Washington will lose service on Sept. 30.

The government is scheduled to report the June merchandise trade deficit on Thursday, In May, the United States incurred a \$8.4 billion gap, and economists said that would widen by at least \$1 billion because of steeply rising imports. The Unit-ed States and European countries seem happy to let the yen rise, hopwere preased that we wate able to record revenue and traffic growth (AP, Renters, UPI, Knight-Ridder) ing the appreciation of the currency

will make Japanese companies un-competitive on world markets.

What stirred the market today

were the rumors that the Bank of Japan was buying marks for yen. said Steve Flanagan, a yen dealer at Mitsubishi Bank in New York, and so were many European central banks, to replenish their stock of marks. Also, many U.S. fund managers were taking profits on

long yen positions."

But Mr. Flanagan said the underlying reason was speculation a See DOLLAR, Page 10

Franc Hits Postwar Low

Against DM LONDON - The French franc

came under renewed attack Mon-day, falling to its lowest point against the Deutsche mark since the German currency was created The franc traded in London as low as 3.5490 frames to the mark before recovering slightly on profit-

taking in close in Europe at 3,5385 francs, down from 3,5330 francs at the end of last week. The Paris market was closed for a holiday. Since the widening of the bands within the European Monetary System on Aug. 2, the French cur-rency has fallen by more than 3 percent from its old floor within

the monetary grid, of 3.4305 francs. Analysts said the market was pressing the franc as a result of the reluctance by the Bank of France to cut its interest rates.

In a newspaper interview, Francois Mitterrand was quoted Monday as saying in his first reaction to last month's market turmoil that speculators had not been trying to bring down the franc but the entire exchange-rate mechanism.

"Rather than draw the conclusion that the system is unnecessary or dangerous, I think on the contrary that it would be advisable to consolidate it." he said. (Reuters, AFP)

years under Chapter 11 bankruptcy **Seoul Moves**

To Soothe **Investors**

AFP-Exid News SEOUL - The South Korean

government is preparing a package measures to ease nervousness in the stock market prompted by its ban on the use of aliases to financial transactions, officials said Monday.

The news prompted a sharp rally in stocks, with the Korea Composite Stock Price Index gaining 25.00 points, in 691.67, after losing more than 59 points Friday and Saturday.

Prime Minister Hwang In Sung was reported as telling the National
Assembly that, among other measures, the government would seek special support for small and medium-sized companies.

"In order to calm investors in the stock market, the government will introduce market-stabilizing measures, including one that encourages institutional investment," press reports quoted Mr. Hwang as saying.

Market sources said the government also was considering raising limits on foreign share ownership beyond the current 10 percent.

Seeking in curb tax evasion and corruption, President Kim Young Sam announced a decree Thursday banning aliases in financial deals.

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Yen

How a BCCI Case Was Lost in U.S.

By Kenneth N. Gilpin New York Times Service NEW YORK — The acquit-

Continental to Cut 2,500 Jobs

While losses between April 28

and June 30 totaled \$24.4 million, losses in the three-month period

ended on June 30 a year earlier had

lotaled \$99.2 million. Results were

reported in the separate periods to

reflect different accounting proce-

dures for the company before and

after its emergence from bankrupt-

while the results are less than we could have hoped for," said

Robert Ferguson, president and

chief executive of Continental, "we

cy protection.

months ago from two and a half were pleased that we were able to

tal of Robert A. Altman of all criminal charges by a New York state jury was a stinging defeat for the Manhartan district attorney's office, which had indicted the Washington lawyer on nine counts of fraud and bribery a little more than a year ago.

But lawyers familiar with the case said the loss, which came Saturday, might have been avoided if the district autorney's office had sought a much narrower indictment.

That was the approach taken by the Justice Department when it indicted Mr. Altman in an alleged scheme to deceive banking regulators about the takeover of First American Bankshares Inc. by Bank of Credit & Commerce International. That indictment was handed down the same day as New York's, but the federal case was dismissed in April. without prejudice, in deference

to the trial in Manhattan. Ana Cobian, a Justice Department spokeswoman, said that no decision had been made about whether in pursue the case, but oo lawyers interviewed expected that to happen.

The jurors left little doubt

after the trial that they agreed with Mr. Altman's statement after the verdict that "this is a prosecution that never should have been brought." The prosecutors made prom-

ises they failed to fulfill, starting by calling the tale the jurors would hear a fairly simple case." But the prosecutor took 45 witnesses and more than

was, in fact, a complex tale. Mr. Altman's lawyers, led by Gustave H. Newman, used lengthy cross-examination and procedural delays to stretch out the time it took the prosecutor

The staff reductions will be com-

oleted by the end of the year, Con-

Internationally, Continental will

no longer serve Australia or New

Zealand after Oct. 30. The airline

will cease operations to Vancouver,

British Columbia on Oct. 1 and

service to Puerto Plata io the Do-

minican Republie on Sept. 7.

part from attrition.

to tell his story.
Prosecutors claimed that Middle Eastern investors represented by Mr. Altman and Clark M. Clifford, his former law partner, had in fact been front men for BCCL the rogue bank that was elosed by regulators in 10 countries two years ago amid claims of widespread fraud. The district attorney's office said the losses resulting from BCCI's corrupt activities were estimated at \$12 billion. But none of that money was lost

in the United States.

To many, this looked like a victimiess crime, said John C. Coffee, a law professor at Columbia University Law School. The absence of an evident victim does present a problem, and it is very difficult to get a jury in a white-collar case in convict a defendant with circumstantial evidence."

Prosecutors also failed to highlight the essence of their allegarions against Mr. Aluman: that his actions betrayed an inherent trust shared by regulators, bankers and depositors. Throughout the trial, defense

lawyers pounded the theme that Mr. Aluman was being used as a scapegoat for regulators who had been told all along of First American's connections with BCCl, but had ehosen to cover up that knowledge after the scope of the bank's misdeeds

The rise of the yen On-going tensions in the currency market A balancing act on trade A buffer zone near Sarajevo

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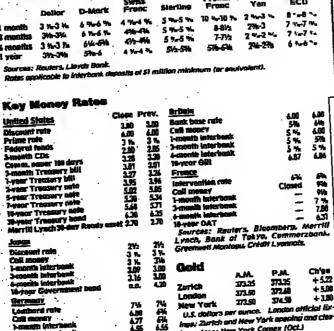
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By: The Chase Manhattan Bank, N.A.

U.S. \$500,000,000 National Westminster Bank (Incorporated in England with limited liability)

Primary Capital FRNs (Series "B")

In accordance with the provisions of the Notes, notice is hereby given that for the six months interest period from August 16, 1993 to February 16, 1994 the Notes will carry an Interest Rate of 3.6875% per annum. The interest payable on the relevant interest payment date, February 16, 1994 against Coupon No. 18 will be U.S. \$1,884.72 and U.S. \$186.47 respectively for Notes in denominations of U.S. \$100,000 and U.S. \$10,000.

London, Agent Bank

Big Phone Buyout Lifts Share Prices

Compiled by Our Staff From Dispatches
NEW YORK — Stock prices
moved higher Monday on the New York Stock Exchange after news of a multibillion-dollar takeover sparked buying of communications

The Dow Jones industrial aver-

N.Y. Stocks

age was up 9.50 points to 3.579.15. Advancers outpaced decliners by a margin of 3 to 2 among common stocks on the New York Stock Exchange. Trading was moderate, with about 229 million shares changing hands.

Among the most active issues was Raiston Purina Co. unchanged at 3414. The company said that it was analyzing the possible spin-off to shareholders of its cereal, baby-food and other small-grocery human-foods businesses. A jump of 21/8 in Aluminum Co. of America stock, to 73%, helped the blue-chip indicator erase a decline

earlier in the day that reflecting dividend-related adjustments.
The Nasdaq Combined Composite Index soared 8.64 to B record 726.89, shattering its old high of 718.77 set Aug. 11. The rise was spurred by gains in Intel. Microsoft Corp., McCaw Cellular, and LIN

B. oadcasting Corp.
The American Stock Exchange Market Value Index also set a high dosing up 2.25 at 441.33, surpassing the old high of 440.95 set June 4.

Peter Sullivan, head of institutional trading at Tucker Anthony

Inc., said news that American Tele phone & Telegraph and McCaw Cellular Communications planned to join forces encouraged investors and led the market higher. The companies announced that AT&T would buy all of McCaw through a

هكذا من الأصل

\$12.6 billion stock swap. "Those stocks have been the market leaders," he said. AT&T, a component of the Dow industrials, fell 1% to 60%, McCaw,

which is traded on the Nasdaq system, jumped 5 to 56% in heavy Other communications issues rose in sympathy with McCaw. LIN Broadcasting, which is 52 per-cent owned by McCaw, soared 12%

British Telecommunications which owns 35.8 million shares of McCaw, was ahead 21s to 66% on the New York Stock Exchange. Meanwhile, economic news

failed to give Wall Street much incentive to buy or sell. The Fed report said output at U.S. factories, mines and utilities grew by a moderate 0.4 percent in July after a two-month slump. The gain in the Fed's industrial production index was the largest in five

AMEX Most Actives

NYSE Diary

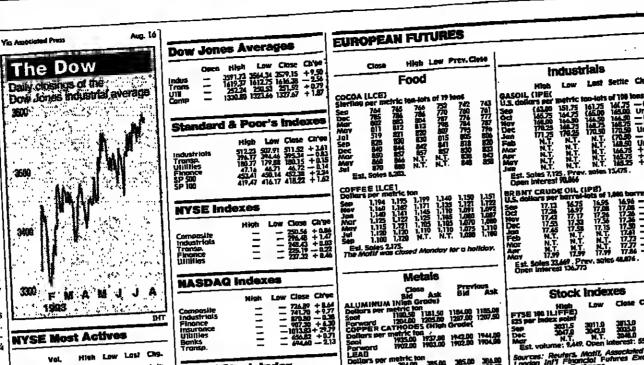
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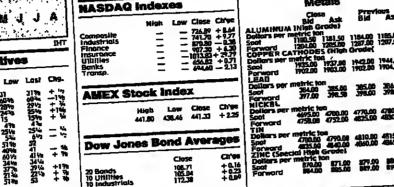
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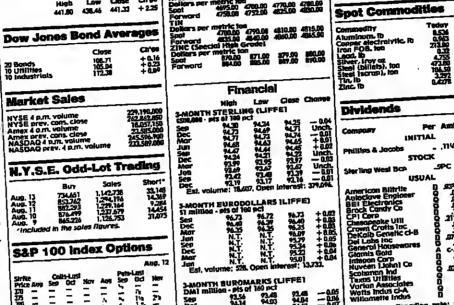
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months and came despite a decrease in auto production. Intel Corp. was the most actively traded over-the-counter stock, rising 4% to 64% after Standard & Poor's said it expected the company to remain the dominant supplier of microprocessors for personal computers. (AP, Bloomberg)







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U.S./AT THE CLOSE

Factory Output Edged Up in July
WASHINGTON (Combined Dispatches) — Increased manufacturing
of consumer goods helped boost output at U.S. factories, mines and
nullities by a moderate 0.4 percent in July after a two-month slump, the
government said Monday

government said Monday.

The gain in the Federal Reserve's industrial production index — the best in five months — came despite a decrease in auto production. It was bolstered by increased electrical output needed to power air conditioners

during a heat wave on the East Coast.

The plant-use rate rose to 81.5 percent from 81.3 percent during June. Economists are hoping the advance in the indexes signals the start of a

shift out of stagnation in the industrial sector this year.

Buffett to Raise Salomon Stake NEW YORK (Bloomberg) - Warren Buffett, Salomon Inc.'s bigges shareholder, said Monday be planned to make his stake even bigger. snareholder, said Monday he planned to make his stake even bigger.

A group led by the investor, whose Berkshire Hathaway Inc. investment company also owns chunks of Coca-Cola Co., General Dynamics Corp. and Wells Fargo & Co., filed with the Securities and Exchange Commission for seeking government approval to raise its stake to at least 15 percent. Mr. Buffett now owns the equivalent of 14.3 percent of Salomon, whose shares surged \$2.75, or 8 percent, to \$48.50, on the news.

Textron to Offer Unit to Public

PROVIDENCE, Rhode Island (Combined Dispatches) — Textron Inc. said Monday it planned to offer 7.5 million shares of its insurance

subsidiary, Paul Revere Corp., to the public.

The maker of helicopters and combat vehicles will sell up to 19 percent of Paul Revere in an initial public offering that could raise as much as \$213 million, based on a maximum share price of \$25 that Textron used to calculate the registration fee for the offering. (Reuters, Bloomberg)

Reynolds Announces Cutbacks

RICHMOND. Virginia (Bloomberg) — Reynolds Metals Co. said Monday that it would cut aluminum production 9 percent by late October and slash 350 jobs at two U.S. plants in an attempt to counter the problems of global oversupply and depressed prices. Reynolds, the second-largest U.S. aluminum producer, will take an after-tax charge in the third quarter of \$8 million, or 13 cents a share, to pay for the plan that curtails production by 88,000 metric tons.

Transco Energy to Settle Suit

HOUSTON (Bloomberg) — Transco Energy Co, said Monday that it had agreed to resolve a year-long legal battle with Corpus Christi Gas Gathering Inc. that could result in a \$50 million pretax charge to Transco. The proposed settlement calls for Transco to take possession of 300 miles (486 kilometers) of onshore and offshore natural-gas pipelines in the Gulf of Mexico that the two companies built in a joint venture. In exchange, Transco will make unspecified cash payments and issue Transco stock to Corpus Christi Gas Gathering.

Weekend Box Office The Associated Press LOS ANGELES — "The Fugitive," starring Harrison Ford, earned almost as much in its second weekend as in its debut. Following are the Top 10 moneymakers, based on Friday U.S. ticket sales and estimated

most as interest as the property of the proper	(Warner Brothern) Near Line Clasma) (20th Century Fox) (Columbia Pictures) (Warner Brotherx) (Universal) (Universal) (Warner Brothers) (Percurount) (20th Century Fox)	٠,	\$21.4 million \$5.5 million \$4.4 million \$4.3 million \$4.3 million \$4.3 million \$1.5 million \$1.2 million \$1.1 million
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Thursday meeting of top Japanese economic advisers, organized with the goal of stimulating the nation's economy, may lower interest rates. "If that's true, and it succeeds in lifting Japan's economy, the U.S. may well throw in the towel on the

Foreign Exchange

question of urging a higher ven to stem Japan's trade surplus." Mr.

Flanagan said. 1 Among the European currencies. meanwhile, the mark cut into the dollar's recent gains. There is a Bundesbank repurchase tender cheduled for Tuesday, and Richard Benzie, an analyst at Union Bank of Switzerland, said an interest-rate cut was not expected. He said there was "not much room for anything more to be squeezed out of the rate after the recent cuts."

The interest rate on German call money was about 6.80 percent on Monday, up from 6.75 percent on Friday, By contrast, the U.S. federal funds rate on overnight interbank loans was about 3.313 percent, up from 3.188 on Friday. In the bond market, U.S. rates

Amsterdam

Markets Closed

The stock markets in Brussels. Madrid

and Paris were closed Monday for a holiday.

also fell Monday. The bellwether 30year Treasury issue rose 20/32, to 99 9/32, reducing its yield to 6.30 percent from 6.35 percent on Friday.

The dollar's fall below 1.70 DM

set off technical selling that added to its weakness. People started taking out stop losses and other people just jumped on the band-wagon, "said a dealer at a German bank in London, adding. "when 1.7020 and 1.6980 went everyone started really panicking. The market is basically a herd of sheep.

The market was unimpressed by a Fed report that industrial production rose a moderate 0.4 percent in July. The increase came after two falls, and half of it was attributed to a temporary rise in electricity production to power air conditioners.

"Sentiment has turned against the dollar." said Paul Farrell, chief foreign-exchange dealer at Chase Manhattan Bank, "People think the U.S. economy is going nowhere

The dollar fell to 1.4960 Swiss francs from 1.5245, and to 5.9805 French francs, from 6.0588. The pound rose to \$1.4895 from \$1.4595. (Reuters, Bloomberg, Knight-Ridder, AFX, UPI)

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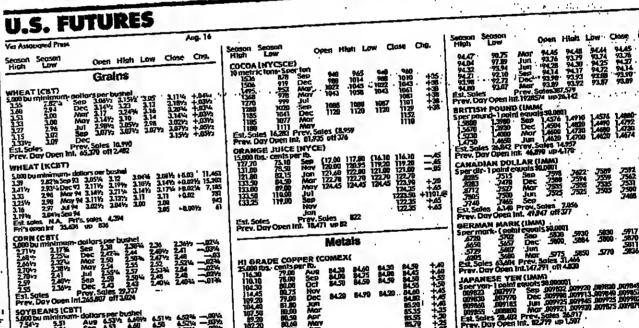
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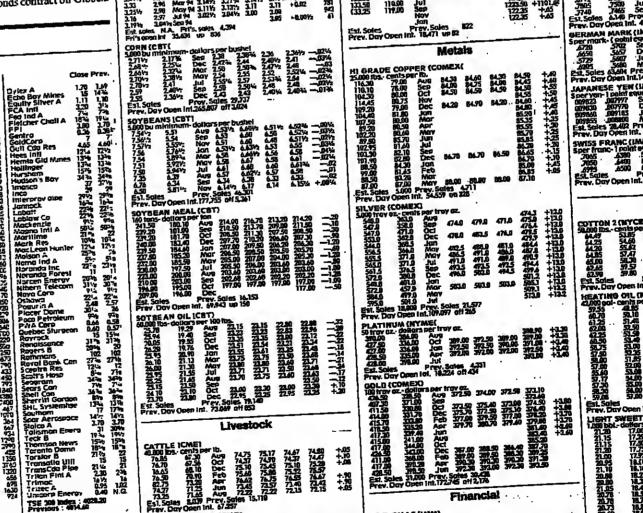
Patrick Arbor, chairman of the Board of Trade, said Mr. Sandner had ts" that had "virtually fractured"

accused Chicago Mercantile Exchange Chairman Jack Sandner of undermining efforts to expand the exchanges' Globex trading system.

engaged in "a gross distortion of the facts" that had "virtually fractured Globex. Mr. Sandner called Mr. Arbor's statements a "tirade."

Mr. Arbor's letter was written after the London International Financial Futures Exchange decided last week to hreak off talks on joining the 24-hour Globex network. The board of trade had decided earlier to bar the London exchange from listing its German bonds contract on Globex.





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De Larosière Closes In on EBRD Post

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ROME - Giuliano Amato, for-

mer prime minister of Italy, has withdrawn his candidacy for president of the Enropean Bank for Reconstruction and Development, the Italian Treasury announced Monday, leaving Jacques de Larosière of France the likely winner of the

EBRD received a letter from Mr. Amato announcing his withdrawal, the Italian director for the Londonbased bank said. Mr. de Larosière, the governor of the Bank of France, is now the sole European Commumity candidate to lead the EBRD. which leads money to support mar-ket economies in Eastern Europe.

The only other candidate, the former Polish finance minister Leszek Balcerowicz, had some support as a representative of the bank's client countries, but Poland's small shareholding in the bank made his success unlikely, observers said.

The position as the head of the bank was made vacant by the abrupt departure of Jacques Attali of France in mid-July, amid reports of excessive spending on the bank's headquarters and administration. France has indicated a 1991 agreement establishing the bank gave it based Walt Disney executives over the right to name the president.

GE Buys Swedish Loan Firm

Compiled by Our Stuff From Dispatches

STOCKHOLM - General Electric Co. of the United States is buying the Finax finance subsidiary of WASA Forsakrings AB for \$125 million in cash and \$262.5 million of assumed debt, the companies announced Monday.

At the end of last year, Finax had outstanding loans of 3.7 billion kronor (\$450.3 million at the current exchange rate), 72 percent of which were to Swedish borrowers. Finax owns four Swedish and one Norwegian consumer-finance companies that make unsecured personal loans and provide credit cards to about 400,000 customers.

Fmax reported 1992 pretax income of 190 million kronor, including provisions for bad loans. The purchase is being effected by GE Capital Corp., the General Electric financing subsidiary.

GE Capital provides specialty insurance, consum-er-finance services and equipment leasing. The addition of Finax further broadens our

consumer-finance presence in Europe," said Edward D. Stewart, executive vice president of GE

Wasa said the sale would allow it to focus on its core insurance business. The sale also helps reduce debt at Wasa's holding company for noninsurance

In March 1992, WASA said it was transferring its international insurance operations to Eureko BV, a venture the Swedish company has with Topdanmark A/S of Denmark, AVCB Holdings of the Netherlands, and Friends' Provident Life Office of Britain. Those companies also were contributing their international operations. (Reuters, Bloomberg)

Euro Disney Denies Plans to Close

PARIS - Struggling with sag-

ging revenues and growing losses, Euro Disney denied Monday that it was considering shutting down altogether but said temporary closure off-season was not ruled out.

"A shutdown of the park was never covisaged," the Euro Disney president, Philippe Bourguignon, said in a statement. He was responding to a report in The Sunday Times of London citing a Euro Disney spokesman that Disney and Californiathe weekend discussed in crisis

talks" a number of options, including potential closure.

Mr. Bourgingnon said that "no crisis meeting took place last week-end," and added that "no spokesman for Walt Disney Co. or Euro

Disney made statements on those But a Euro Disney spokeswoman acknowledged seasonal closure "may be a possibility. It's not ruled out, but it's not a probability." De-bra Gawron said in a telephone

interview. "It's not on the drawing board as far as I know." She would not say when any such

closure might occur, though one 1.100-room hotel at the amusement park east of Paris was shut down amid lower-than-expected turnout

Ms. Gawron confirmed that meetings were held over the weekend between executives from Euro Disney and Walt Disney. But she said Walt Disney executives were often at Euro Disney for regular

The Euro Disney park has lost money since it opened in April

Assets of Ferruzzi Worth Less Than Thought, Court Told

Compiled by Our Staff From Dispatches ROME - Assets seized by Montedison SpA's new management team from previous management members are not worth 500 billion lire (\$310 million), a court bearing established on Monday, the Italian

news agency ANSA reported. The new management at the troubled agrochemical group was given permission by Milan's civil tribunal this month to seize assets from the previous managers and some members of the controlling

Ferruzzi family. In a court hearing Monday, lawvers handling the case said the value of the assets seized was "far from the 500 hillion lire requested by Montedison," ANSA said. The Ferruzzi family, which controls Montedison through the halding company Ferruzzi Finanziaria SpA, last June called in creditor banks in work out a restructuring plan for the group when its gross

Compiled by Our Staff From Dispatches

AMSTERDAM - Philips

Media, a newly created unit of

Philips Electronics NV, said

Monday it had taken the first

steps to reorganize the compa-

ny's global software and distri-

hution operations to create an

electronic-media husiness that

of electronic publishing.

would compete with the giants

Scott Marden, president of Philips Media, said the first

change would be the integration

of Philips' electronic-publish-

ing and production activities

debt of 31 trillion lire became unmanageable. The banks have installed new management and effectively taken control of the Ferruzzi family stake.

Let JORD

The court postponed until the end of August a final decision on an injunction to freeze up to 3 trillion lire of assets.

The action allows the assets, including shares and property owned by the family, to be frozen so Mon-tedison can be assured of being paid if it wins a later suit for damages.

The defendants can continue using the property while it is frozen. Lawyers acting for both sides said the delay was to let plaintiffs and desendants prepare documents. Acting on the injunction, the courts have already seized control of elegant 18th-century palaces owned by the Ferruzzis in the Adriatic town of Ravenna, the family seat. (Bloomberg, Reuters)

worldwide into an internal

group which will be organized

around target market segments

It said the second move in the

reorganization would be the

creation of an international

marketing and distribution unit

Philips Media said the reorga-

nization would particularly help

the company to capitalize on its

stake in Whittle Communica-

tions of the United States. This

unit includes the Channel One

cable network, which reaches

around 8 million viewers.

under six label groups.

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Very briefly:

• RTZ Corp., the British mining company, said it was in talks to sell its-building and electrical-products division to MB-Caradon PLC.

• The EC said it would investigate the competitive implications of a merger of the potash and salt production unit of West Germany's BASF.

AG with Mitteldeutsche Kall, an East German company in the same

• Saab Automobile AB posted a pretax loss in the first half of 684 million kronor (\$83.2 million), narrowed from 782 million kronor a year ago, and cited the effects of startup costs for its new 900 model.

 SOFFEX, Switzerland's options and futures exchange, has suspended plans to take part in the European Options Exchange for at least a year. • Kenstadt AG, the German retailer, said it was bolding talks with its rival Hertie GubH on possible cooperation in storage and delivery.

 Metro, the Swiss-German trading group, offered to buy the 35 percent of the German retailer Massa AG that it does not already own through a

 Viva, a commercial television venture based in Cologne, aims to lure young Germans from U.S. and British video programs by promising that at least 40 percent of its rap, soul and hip-hop will be sung in German. AP, AFX, Bloomberg, Reuters

GERMANY: Share Prices Advance Despite the Recessionary Gloom

Continued from Page 9

German auto sector that will make money this year. There will be more volatility, but the DAX could hit 1,950 by year's end."

Analysts said the rally had been supported by the trend toward lower interest rates, the dollar's gains against most European currencies in recent months, and expectations

Continued from Page 1

growing and converging with other

industries so fast that it was almost.

impossible in our discussions to de-

fine and divide inture opportuni-

ties between the two companies."

munications and computerized

switching, which can reach into

AT&T is strong in network com-

Like most European bourses, exports. France, Germany's prima-frankfurt also benefited from the monetary crisis this month that resulted in seven of the nine curren-

of higher corporate profits next growth throughout Europe and brightening the picture for German expanded their lists of recommend-

Such moves have added momencies in the European Monetary System to an upward trend that began tem being allowed to float freely in July 7, ignited by the agreement a broad range against the Deutsche reached at the Tokyo economic mark. That is seen as allowing Ger- summit meeting of the United many's trading partners to lower their interest rates, thus stimulating munity and Canada.

As the rally progressed, analysts ed stocks. The banking sector is a heavy favorite, with Deutsche Bank topping the list, followed hy Dresdner Bank AG, the nation's second-largest. Chemical stocks are also recommended. Allianz remains a consensus pick because of improved results in its foreign operations and its success in restruc-

turing and cutting costs.

DEAL: AT&T Agrees to Pay \$12.6 Billion to Take Over McCaw Cellular, U.S. Leader in Wireless Technology

Media Moves at Philips

But for technical and marketing advances, Mr. Altman said, the big plus is that the two companies can serve as "a laboratory in the United States," with the rest of the world

as a marketplace.

Mr. Allen stressed this point in the context of his recent visit to China. "There is an opportunity for

he said of the Chinese market. This was seconded by James Barksdale, McCaw's president and a Federal Express veteran, who will join AT&T as the chief of its wireless service business. He said that

many developing countries are jomping directly to cellular and other wireless communications to modernize their antiquated tele-phone networks. The combination of services offered by the merged company, be said, would be un-beatable.

Dutch Exchange Seat Is Lost

AMSTERDAM - A Dutch hrokerage firm. Nusse Brink Commissionairs BV, lost its membership on the Amsterdam Stock Exchange Monday because it was unable to pay for borrowed shares when

obliged to do so, the exchange said. Nusse Brink was suspended two weeks ago after a rally on the Dutch stock exchange made it impossible for the company to buy the stock it had sold short, or sold

without owning in the expectation that prices would fall. The company, which deals on behalf of medium-sized to large.

private investors, had no comment. The exchange said it was also talking with Premie en Effektenkantoor van den Broek BV, the clearing unit of the Dutch investment bank Van Meer James Capel, itself a unit of HSBC Corp. The clearing unit had extensive dealings with Nusse Brink.

switch an individual call from one man making his rounds can phone

and transfer large amounts of in- phone to find the latest prices and

and transfer make amounts of the parame to find the fatest prices and formation from data banks or specials, a vending machine sales.

part of the country or the world to ahead" to a machine and check on Street can provide, and AT&T bewhat needs to be restocked and cause it needs to broaden its doanother in nanoseconds. McCaw specific. Telecommunications is can deliver this information to a how much; Or, as Mr. Allen said in what point of immediate use at a cussome might regard as a vision of tomer's place of business or leisure. hell, the technology can handle "faxing from the beach," if that's .. Numerous examples of its uses were cited by officials of both comwhat customers want. panies: A cereal salesman stocking Ronald L. Altman, managing dishelves in a supermarket can check rector for telecommunications at his company's computerized inven-tory in another city by cellular tele-Furman Selz, a New York investment house, said the deal made

sense for both companies -

McCaw because its expansion.

mestic long-distance service, which is growing by only 2 percent a year. One problem, he warned, may be posed by local Bell operating com-panies. The companies, he said, might-use this fact as an argument to loosen regulations that prohibit

them from handling intercity calls, which account for 70 percent of the volume of America's telephone as they develop a modern system.

The control of the co

Stocks Set Record in Hong Kong

HONG KONG - The Hang Seng Index closed at a record high Monday as retail and institutional investors snatched up blue-chip

shares in late trading.

The index jumped 97.24 points. or 1.32 percent, to close at 7,489.49, its high for the day, in moderate trading aided by selective buying from overseas, brokers said. Its previous closing high was 7,447.24, set May 27.

European investors turneti positive about Hong Kong again, partly due to the confidence in Vice Pre-mier Zhu Rongji's ability to put Chioa's economy back on the right track," said Larry Tam. executive director at Sun Hung Kai Securities.

Brokers said the market was unaffected by Monday's talks between Britain and China on Hong Kong's political future. The first day of the ninth round of talks ended in Beijing with no annouocement of any progress. Another meeting was set for Tuesday.

Some investors may have been cheered by the uneventful passing Sunday of China's deadline for the recall of unauthorized loans by the country's state banks.

"There hasn't been any bad news from Chioa on banking or the financial system, which may have come as a relief to some people," a Hong Kong broker said,

Alex Tang of Dao Heng Securities said some interest also had been stirred by rumors that China would give its blessing to financial arrangements for the territory's multibillion dollar new airport, which has been the subject of a dispute related to the British-Chi-

"Investors were overwhelmed by the speculation on both political and economic froms." Mr. Tang

(Reuters, Knight-Ridder, AFP)

Malaysia Wage Bill Rises Officials Fear Losing Competitiveness

KUALA LUMPUR -- Wage increases in Malaysia are outstripping gains in productivity and could jeopardize the competitiveness of the country's exports, analysts and officials said Monday.

"Malaysia bas begun to feel the erosion of its wage competitiveness," said Lin See Yan, deputy

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governor of the central bank. Bank Negara. Wages in Thailand, Indonesia and emerging, economies such as China, Vietnam and Cambodia

are lower than Malaysia's, he said at a conference Wages in the manufacturing sector rose by 3.3 percent while productivity fell by 2 percent in

1990. Mr. Lin said, "As a result, per-unit labor costs rose by 5.4 percent in 1990," he said. He said wages had been rising mainly because of the country's strong economic growth, which has averaged more than 8 percent in the last five years,

and a shrinking labor market.
"While a rising wage bill isn't a problem," Mr. Lin said. There is concern when higher wages are not consistently matched by iccreases in produc-tivity, as was the case in 1992 and the first quarter

From 1985 to 1990, productivity grew at an average of 4.96 percent a year, while labor costs per employee grew an average of only 0.47 percent, said Wan Azmi Wan Hamzah, chairman of Land & General Bhd.

"However, it is disheartening to note that during the 1988-1990 period, our labor productivity grew an average 4.57 percent annually while the labor cost per employee grew by 3.77 percent annually. he said.

Mr. Wan Azmi said the growth in costs was expected to come even closer to productivity growth in the figures for 1990-93 in Malaysia. where the unemployment rate is 4.0 percent.

As an economy with a labor shortage, Malaysia should shift to industries that rely more on skills and technology to sustain its competitiveness, he said.

But Mr. Lin of Bank Negara said the adverse impact of uncompetitive wages would also discour-age other countries from setting up offshore-production bases in Malaysia, resulting in a loss of "tech-nology transfer and employment opportunities."

Higher wages would also set off a fresh round of wage-push inflation when producers pass on higher costs to consumers.

Prime Minister Mahathir bin Mohamad told reporters that the economies of certain Western countries were performing poorly because workers' wages were being increased even when their employers were not making profits.

Mr. Mahathir said the government planned to give its workers boous payments if their productivity rose significantly.

Japan to Consider Stimulus

Compiled by Our Staff From Dispatche

TOKYO - Finance Minister Hirohisa Fujü said Monday that a meeting would be beld Thursday among ministers concerned with the economy to discuss whether the government should launch a fresh package of stimulative measures.

Mr. Fujii said there would be a review of past packages, which have focused on public works. The Nikon Keizai Shimbun reported Sunday that

the ministers at the meeting were expected to make the Economic Planning Agency retract a declaration made in June that the economy had already bottomed

Takao Komine, director of the agency's First Do-mestic Research Division, said he had not heard of

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such intentions within the government. But he said that the agency may have to retract its statement if summer and fall data show that the Japanese economy

The agency said in June that the economy had bottomed out but did not say when that had occurred. ortomed out but did not say when that had occurred.

Mr. Fujii also said that the recent rise of the yen was

tion techniques, the company said. too rapid and that his government was "monitoring the movement with grave concern." He added that Japan will consult with other nations and deal with the situation appropriately." But he denied the possibility that the Group of Seven industrialized countries

would soon hold any emergency meeting to discuss the

(Knight-Ridder, AFP, AFX) larger role in the global industry,

Philip Morris Signs Agreement to Make Marlboros in China

The announcement came only a

few weeks after Philip Morris said

it would invest more than \$60 mil-

lion in another giant cigarette mar-ket. Russia. The company said in late June it planned to acquire a majority stake in the Krasnodar

Tobacco Factory in southern Rus-

sia from that country's regional State Property Fund. (AFP, Bloomberg, Reuters)

China Sets

Loan Policy

Compiled by Our Staff From Disposels

HONG KONG - China's

top foreign-exchange bank, the Bank of China, will favor loans

to foreign-funded public works

projects, the official Xinhua News Agency said Monday.

Preference will be given to

developing the energy, tele-communications, transport and raw-materials industries.

officials said, adding that all

banks in China that extend

loans to foreign-funded ven-tures would follow this policy,

Separately, the Economist Intelligence Unit said China's

ly to lead to a reversal of policy.
The boom that started in early

1992 has brought with it the familiar problems of inflation

and supply bottlenecks that will inevitably prod the govern-

ment into a clampdown on

credit, investment and im-

ing economy was like-

Compiled to: Our Staff From Dispatches HONG KONG - Philip Morris Cos. signed a cooperation agreement in Beijing on Monday to produce and sell its popular Marlboro cigarettes in China.

In announcing the partnership, the New York-based tobacco, food the New York-Dased tobacco, food and brewing conglomerate said its Philip Morris Asia Inc. subsidiary and China National Tobacco Corp., the state cigarette monopoly, would also work together to develop and produce other brands of cigarettes for domestic and export sales.

No estimates of the value of the

No estimates of the value of the contract were disclosed. China National Tobacco currently makes more than 1.5 trillion cigarettes an-

nually io its 180 factories.

Philip Morris Asia said both sides would "work together in a variety of development and production functions, including leafprocessing, operations and product

Mariboro, the world's most pop-ular cigarctie, has been available in major Chinese cities for several years, mainly at foreign-exchange

outlets and on the black market. Peter Barnes, president of Philip Morris Asia, said the accord was "the culmination of a series of wide-ranging discussions we've had during the past year" with China

National Tobacco. The agreement involves an unecedented level of cooperationand sharing of resources, including

The president of China National Tobacco, Xun Xinghua, said the accord would "further promote and continue the modernization and development of the Chinese cigarette industry" and pave the way for the state concern to "play a

ports," a review said. (Knight-Ridder, Reuters)

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Very briefly:

 Sumitomo Chemical Co. said its epoxy-resin plant, which produced 60 percent of the world supply of a key semiconductor ingredient until it exploded in July, was likely to reopen by December, earlier than expected. • Japan will lend the Philippines 470.36 billion yen (\$4.66 billion) to help develop its economy, the government said. The loan will help pay for seven projects, including a passenger terminal at Manila's airport.

 The Singapore International Monetary Exchange, or SIMEX, will list a 10-year Japanese government bond futures contract starting Oct. 1. Grand Metropolitan PLC said it had received approval from the Indian

government to set op a joint venture in the country to produce and sell alcoholic drinks, including Smirnoff vodka and Gilbey's gin. · Thai Airways International Lad. blamed intense competition in the

battered aviation industry for a plunge in earnings in the quarter ended June 30, to 25.9 million baht (\$1.0 million), from 505.8 million. China will open the Beijing Commodity Exchange in November in an attempt to unify the country's futures markets.

 Taiwan lowered its 1993 economic-growth projection from 6.3 percent to 6.2 percent in a fresh indication that the economy is slowing. AP, Bloomberg, Resters, Knight-Ridder, AFX, AFP

ROUGE: Yue-sai Kan Launches Line of Cosmetics in China Tailored for Needs and Tastes of Asian Women

currency markets.

Continued from Page 9

cosmencs, but the two are not in head-to-head competition in department stores because the company, true to its door-to-door traditions, put China's Avon ladies

But no other foreign-owned company (or Chinese, for that matter) has developed a new line of cosmetics specifically for Asian colors and features, priced the line competitively and accompanied it with a videotape and book giving a home-makeup course to women who only a decade ago were emerging from the national chrysalis of the boilersuit.

A Yue-Sai lipstick sells for the equivalent of \$6.50, slightly above Avon and the local Life; brand, which go Tor about \$4, but far below the \$35 to \$45 range of Ms. Kan finds them no contest: "They are manufac-turing-driven and not market-driven, and they think that if a product is good in one country it's good in

another. In a furiously Westernizing China, Yue-sai is named Feather of the West. Raised in Hoog Kong and schooled in Hawaii, she went into the Chinese import-export business with her sister in New York in 1975 but soon sold her share to to become an anchorwoman

here for cable TV shows about Asia. In 1987, China Central Television began a weekly documentary series entitled "One World" to open the world to its 400 million viewers and invited her to anchor the show. Ms. Kan appeared on the show for three years and became an instantly recognizable combination of America's Barbara Walters and

France's Christine Ockrent. When she decided to go into the cosmetics business shortly after her marriage four years ago, her renown immediately opened doors for her in China — "If I

don't know them, they know me." Free makeup courses to wives of leading politicians and the leaders of the powerful Women's Federation didn't hurt, either. The business was registered and the factory sited in Shenzhen in a record 16 working days.

Bribes? "I can't afford to bribe anybody," she said - not unless you count all those signed photographs for the idolizing daughters of junior bureaucrats and dinner invitations to their seniors, all of whom have seen her on TV.

Customs administrators helped speed ber deliveries, although she has to order her raw materials from the United States at least six months in advance; when the chief customs collector goes on vacation, everybody

to name, asked her how she was getting along, she recounted her troubles in obtaining a counter at ooe department store because Yue-Sai was not yet a fam-ous label like Dior or Elizabeth Arden. The next night she found herself invited to dine with the head of the store's conglomerate owner, of whose existence she had never heard. It turned out that the politician had once allocated credit to the businessman and that became the foundation of his fortune. The businessman returned the favor via Ms. Kan and allocated her space in the store.

"It used to be that everything had to go to Beijing and back," she said. "but every two or three months it seems there is another explosion, another loosening, and I'm right in the middle of it."

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in another city, the way was cleared by more roughand-ready means over dinner with the vice mayor. When she mentioned a local store that was blocking her, he replied, "If they give you a hard time, let me know, and I will stop their water and gas." Not surprisingly,

that turned out not to be necessary. The lessons of all this are obvious to those with less guanxi than Ms. Kan. She advises less well-connected foreigners to get a good Chinese banker, go into a joint venture and above all, "find people who know

To run a successful husiness in China you must have a lot of ears, a lot of eyes, a lot of noses and a lot of mouths on your behalf," she said. "You have to have terrific people who listen for you, talk for you, see

Keeping up is essential because things change so fast. Two years ago she was told that every investment in Shanghai had to make its way through the municipal bureaucracy, but three months later she was having dinner with her neighborhood leader when she learned that he had authority to approve any investment of less

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Australia Rejects Plea From United Airlines

CANBERRA - Officials on

Monday rejected a complaint by United Airlines that government regulations would make its proposed flights to Australia via Tokyo unprofitable.

A spokesman for Transport Minister Bob Collins said the government believed that its regulations were reasonable and was surprised by the American carrier's criticism.

United's general manager for Australia, Anne Keating — who is Prime Minister Paul Keating's sister - said the air-

line wanted its complaint dis-

cussed at talks on air traffic. Northwest Airlines.

being held between the two countries next week. She said United had been try-

ing for six years to get permis-sion for daily flights. United has said that it wanted to launch a New York-Tokyo-Sydney service but that Australian regulations limiting could pick up in Japan would make the service unprofitable.

. The government spokesman said Canberra had approved United's application for the route on the condition that it meet the capacity regulations. The case follows a similar dispute between Australia and

Monday's 3 p.m.
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

| 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100

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TRADE OPPORTUNITIES Monesia

State Projects Open to Private Sector

The "Ring of Fire," the term used to describe Indonesia's volcanic origins, could just as easily describe its explosive growth. Today's challenge is to provide an infrastructure that can keep pace with this growth.

Average annual growth of

7 percent over 26 years

Indonesia, whose name is taken from the Greek words "Indos" ("Indian") and "nesos" ("islands"), is an archipelago comprising 13,667 islands stretching 5,120 kilometers (3,174 miles) along the equator. It is the world's fourth most populous country and largest Muslim nation. The nation's geographical fragmentation makes its unified aspirations and economic achievements on behalf of

its 185 million people even more noteworthy.
Since 1967, when President Suharto, now in his sixth consecutive five-year term, initiated Indonesia's transformation into a modern state, the country's economic

and social development has been guided by a team that governs on the principle of steady, broad-based growth.

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For 26 years. Indonesia has experienced an aver-

age annual economic growth rate of 7 percent in real terms. Since 1967, when 60 percent of the population was classified as poor, per capita GNP has risen from \$70 to \$570. A food importer in the 1960s, Indonesia achieved self-sufficiency in food production in the 1980s.

Off its shores are rich fields of oil and gas whose export earned 80 percent of Indonesia's revenue in 1982. Petroleum fueled an economic boom in the 1970s, with the earnings farsightedly poured into the creation of new, non-oil industries. When oil prices plummeted in the early 1980s, the economic base was broad enough to enable the country not only to survive but also to thrive.

Indonesia's economy continued to be diversified to the point that in the 1993-94 national budget, only 27.1 percent of revenues will come from oil products. The 1991-92 ranking of major exports were as follows: oil and oil products, \$6.87 billion; textiles, garments, and handicrafts, \$4.34 billion; liquefied natural gas, \$3.84 billion; timber, \$3.70 billion; rubber, \$.93 billion. Energy

imports were down 6.7 percent from 1991, to \$1.5 bil-lion; non-oil imports rose 6.1 percent, to \$20.8 billion. Along with its industrialization efforts, the government in the early 1980s began to dismantle its protective barriers, a legacy of colonial occupation and perceived threats to national sovereignty. The past decade has seen the sleady removal of many tariff, import license and export regulations, and of non-tariff barriers to trade and to participation in the Indonesian economy.

The result has been an explosion of investment. Domestic investment in 1992 totaled \$14.3 billion, down from a high of \$27 billion in 1990, Overseas investors poured \$34 billion into Indonesia between 1987 and 1992. The recent slowdown in investment is attributed to a tight money policy instituted by the government to counter threatened overheating and to reduce inflation.

Several planned foreign-financed projects, once approved, will eventually produce an additional \$85 billion

in non-oil-product revenues annually.

The government's challenge is to keep this momentum going and to achieve an annual growth rate of 6.2 percent, much of it from new foreign investment. The new 41-member cabinet must contend with two key obstacles in order to keep investment capital flowing into Indone-

"The main problems are inadequate physical and human infrastructure, and insufficient public and private

investment," says Mari Pangestu, head of the De-SECURIOR SECURIOR SEC partment of Economic Affairs of the Center for Strategic and International Studies, a private think tank. "We also need to improve not just the quantity but also the quality of investments," she adds.

Indonesia's rapid growth has put tremendous pressure on its infrastructure. In response, the government is using its own revenues as well as foreign funding to finance improvements. In July 1992, the World Bank-led Consultative Group on Indonesia allocated \$4.94 billion in soft loans for the purpose. Indonesia is also inviting the private sector to participate, an option investors have wel-

The government realizes that it does not have the resources to solve all the problems, so we have invited private-sector participation in power generation and road. telephone network and harbor construction," says Sanyoto Sastrowardoyo, the country's investment minister and chairman of the Board of Investment.

The Ministry of Mines and Energy anticipates that by 2000. Indonesia will need an additional 23,000 MW of power. The government plans to invest \$30 billion by 2000 - with funding from the World Bank and the Asian Development Bank (ADB) - to provide 13,000 MW. Projects to achieve the remaining 10,000 MW would be financed by the private sector, presenting investors with a

good business opportunity. Similarly, the private sector has been invited to build roads and collect tolls. Plans call for the augmentation of the present 390.78 kilometers of toll roads by an addi-tional 821.5 kilometers by 1996. To expand the telecom-\$360 million loan and the ADB a \$300 million loan to add 5 million telephone lines over the next five years. bringing Indonesia's total telephone connections to 6.5

A more pressing problem is securing employment for Continued on Page III



Page III

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Overview: Expanded role for private sector Economy: Sharpening the investment profile

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Cement: A top Asian market Investments: Nuis and bolts Real Estate: The new frontier

Textiles: A pattern of independence Financial Sector: Banking on prudence

Page IV

Ecotourism: Natural beauty .Hotels: A room boom in progress

Economy: Adapting Rules to Reality

In the following interview, Saleh Afiff, Indonesia's coordinating minister of economy, finance and development supervision, discusses the country's development plans.

Indonesia's rapid growth over the past decade has been due in large part to a government decision in the early 1980s to move away from dependence on oil exports. How did Indonesia manage the switch to a non-oil based economy?

We began our deregulation process in the early 1980s with the initial reform of our financial sector in 1983 and then the tax reform of 1984. When the world price for oil dropped from \$25 to \$10 per barrel in a 10-month period, we realized we had to continue to restructure the economy. We did this through a series of investment and trade deregulation measures. As a result, Indonesia became an attractive magnet for foreign investment. Investment grew rapidly through 1992, although it has slowed somewhat since then. The downturn came about, of course, from the world recession and greater worldwide competition for investments. To remain an attractive destination for investment, we must reduce bureaucratic red tape. Otherwise, we cannot compete with China and Victnam.

How do you propose to attract more foreign and investment? domestic By learning from the business community about the problems it is facing. such as complicated licensing procedures. We rely on businessmen's input to make the appropriate changes in our investment rules. We sup-

port the business community because it is contributing to our development efforts. We are planning to continue deregulation and simplification of licensing and approvals, and we will issue new directives by the end of August. This is the continuation of the longterm reform process that is by no means over. At the moment, for instance, we require that a foreign investor partially divest to his Indonesian partner over a 20-year period, although there are exceptions - in export processing zones,



vestors are not happy with this arrangement, so we are studying how to change it. Twenty years is too short a time for a longterm project. It is the same with land leases, which are valid for an initial period of 30 years. In China, investors are given 50-year land permits for industrial projects and 70-year leases for housing projects. This makes Indonesia less attractive, so we are working to revise the regula-

What are the advantages

There are many. We have maintained a freely convertible foreign-exchange system for the past 20 years. Our banking system is developed and can provide a wide variety of services to the business community. Our labor costs are low, and our workers are productive. And we are well endowed with natural resources. We are also the sixth-largest market in the developing world. This gives the foreign investor a domestic market to sell to, since foreign investors are not re-

for example. Foreign inmore attractive.

for a foreign investor?

of this shift.

Saleh Afiff: Goals are growth, equity, and stability."

quired to produce solely for export. At the moment, it is not economically viable to produce some products primarily for the domestic market, but as we grow, the domestic market will become more and

How will Indonesia's sixth five-year plan (1993-1998), now being developed, differ from those of the past?

in terms of macroeconomic policies, there will be few changes. For the last 25 years, we have tried to maintain a balance among what we see as the

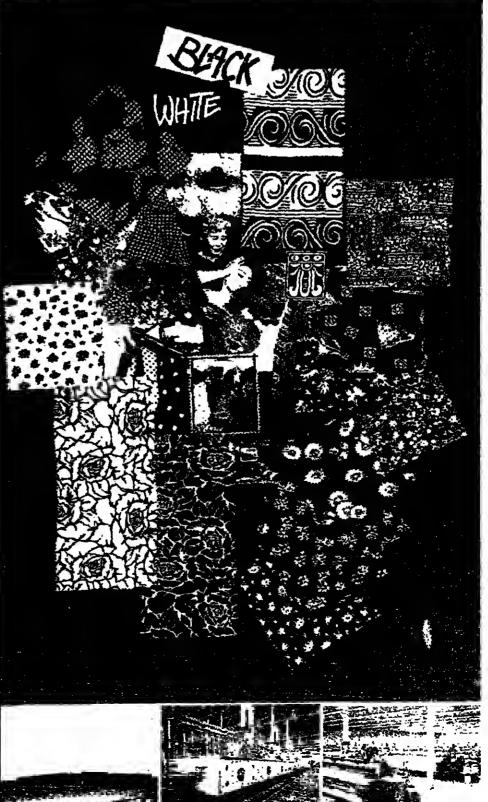
three objectives of development: growth, equity and stability. Because the majority of Indonesians work in agriculture, we have invested heavily in that sector to meet our three development objectives. But the economy is shifting gradually to more manufacturing and to industrial activities, and our policies must take account

What are the constraints on continued rapid development?

We are lagging in infra-structural development. We are trying to improve and expand our road network as well as our electricity-generating facilities, and we are even inviting the private sector to participate. To meet some of our electricity needs, we are negotiating for a big coalfired electricity-generating plant at Paiton in east Java. Since we have substantial coal reserves in Kalimantan, we will have a secure source of fuel. After hydropower, coal-fired generating plants are, for us. the cheapest source of en-

Paiton will sell electrici-ty to the government. We are studying private participation in telecommunications, but not privatization. There are several projects involving private participation that are already under way. We feel that infrastructure should be not only growth-oriented but equity-oriented as well. We aim to open new areas in Sumatra and Irian Jaya to investment.

TEXMACO GROWTH THROUGH INTEGRATION



Texmaco is one of the largest fully integrated textile manufacturer in indonesia producing a wide range of chips, fibre, yarn, textile, garments and textile machineries. Backed by a worldwide marketing network, Texmaco ranks as the leading exporter from Indonesia. Apart from winning prestigious export awards, Texmaco products are exported to over 65 countries worldwide. In garment Manufacture we specialise in all kinds of men's and women's wear for Internationally renowned brands like Nike, Levi Strauss, Philips van Heusen, Liz Claibome, etc. With 30 years of Texmaco growth, emerges as a sound company dedicated to further develop the Indonesian textile industry and contribute to improving the economic development of Indonesia.



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Cement: Housing Surge Bodes Well

Indonesia's current building boom should supply the impetus for the country's cement industry through the end of the decade.

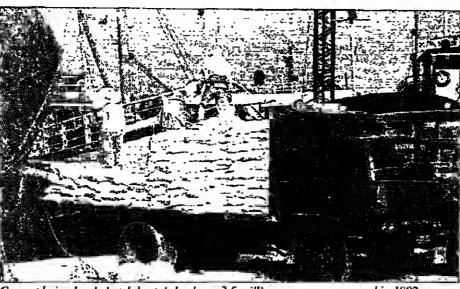
"After growing 12 percent per year previously, domestic demand in 1992 slowed to 2 percent due to the government's tight money policy," says Al Njoo, director of PT Semen Cibinong, Indonesia's second-largest and ASEAN's fourth-largest cement producer. "This year, however, it is gniwing at 15 percent because of infrastructure projects and residential and commercial development."

There is some question as to whether rising demand can be met. In 1992, total domestic consumption was 16 million tons, and exports totaled

2.5 million tons," says Mr. Njoo. "We have just expanded capacity to 3 million tons and acquired another company. Semen Nusantara, which adds another 1 million tons. That gives the industry a 20-million-ton annual production capacity."

Expansion of two government cement plants will give Indonesia a total annual production capacity of 25 million tous by 1998. If domestic demand continues to grow, there will be a need for 25 to 26 million tons by the end of the same period.

Two factors suggest that the future for cement



Cement being loaded at Jakarta's harbor: 2.5 million tons were exported in 1992.

is very hright," says Mr. Njoo. "Per capita consumption of cement in Indonesia is still quite low—100 kilograms [220.4 pounds] per capita—which compares quite favorably with ASEAN's average of 300 to 400 kilograms per capita. In Korea and Japan, it is 800 kilograms per capita, so demand poten-

tial is good. In addition, Indonesia is considered Asia's most efficient cement producer at \$25 per ion. We have 90 percent of the raw material – limestone – in quantity, and because it is soft, it doesn't need high energy to crush. We also have ample coal

supplies, so we don't have

to import as other cement-

producing countries must. These combine to keep our costs down." Mr. Njoo adds.

"The only constraint on profitability is that cement prices in Indonesiu are government-regulated. At \$55 per ton, they are the lowest in Asia, compared with an ASEAN average of \$60 to \$70 per ton."

Real Estate: The New Frontier, Downtown and in the Suburbs

The building fever that transformed downtown Jakarta's skyline during the past few years has shifted its focus but not its intensity.

Demands by a newly affluent middle class and by foreign executives for upmarket housing have spawned a new building boom, providing foreign and domestic entrepreneurs with attractive

investment opportunities.

Recent commercial development has taken place in Jakarta's former inner-city residential areas, raising land prices in the downtown "Golden Triangle" to \$5,000 to \$8,000 per square meter 1\$450 to \$720 per square foot), beyond the reach of all hut the very wealthy.

The response has been the increasing suburbaniza-

The response has been the increasing suburbanization of Jakarta and a shift in housing patterns and options. One can now choose an older house on the city outskirts, a new house in a suburban estate, a city condominium or an apartment.

The trade-off is between lower suburban prices and higher-cost city-center convenience.

As traffic congestion lengthens commuting time, many are choosing city properties. For foreigners, this means renting apartments; for Indonesians, it means buying condomini-

"There is an undersupply of apartments," says Okie R. Lukita, president-director of Menteng Park Apartments, near the Golden Triangle. "There are 23,000 expatriates in Jakarta but only 2,000 rental apartments at the moment. There is also a shortage of low-cost and middle-income housing, and Indonesians now have the purchasing power to buy housing [thus contributing to the undersupply]," he adds.

"A year ago, the first expensive condominium was marketed, and it sold quickly."

Joachim U. Rohn, group executive director of Lippoland Development, offers a contrasting view: "There are another 3.000 apartment units coming on the market in the next two years, but it doesn't mean there will he a rush to occupy them. Americans and Indonesians prefer to

live in houses. The change

in lifestyles cannot be

accomplished that fast, but

demand witt pick up in one

room house with pool,

telephone and garden costs

\$2.500 to \$5,000 per

month but can have securi-

ly problems," counters Charles W. Phillips, gener-

al manager of the Park

Royale Apartments in Jakarta, "A two-bedroom

apartment costs \$3,500 per month, but the high prices

will drop as new apartment complexes are built."

to the Indonesian prefer-

ence for houses and the

desire to own rather than

rent a residence. The coni-

pany is developing two

major housing estates on

the outskirts of the city

near new highways now

under construction. Lippo

Village will contain 5,000

houses; Lippo City com-

bines a housing estate with

Their advantage over

city dwellings is their cost. "Land in the suburbs cur-

rently sells for \$200 per

square meter." says Mr.

Rohn, "Many developers

have concentrated on the

an industrial park.

Lippoland is responding

"A three- or four-bed-

or two years."

upper end; we are geared to the emerging middle

Although Indonesians can buy land overseas, foreigners are barred by law from buying condominiums in Indonesia. The Indonesian Real Estate Association is lobbying the government for a change in this law, arguing that sales to foreigners promote capital inflow. A new law.

Undersupply of apartments reported in Jakarta

The Nuts and Bolts of Foreign Investment

Foreign investment in Indonesia is conducted as a joint venture with Indonesian partners. Initially, the foreign investor can hold 80 percent of equity but must divest 51 percent of equity to the Indonesian partner(s) after 20 years.

There are exceptions for which 100 percent initial equity is permitted: ventures located in a bonded zone and exporting 100 percent of their production, and those with paid-up capital of at least \$50 million that are located outside of Java, Sumatra or Bali, Minor divestiture is required after five years. Labor-intensive (at least 50 workers) or service-sector projects are given special dispensations. Foreign and domestic investments are governed by the Negative Investments List, which prohibits or limits investment in 33 areas, summarized as follows:

• Closed to all investment: logging, casi-

nos, certain agricultural chemicals.

• Closed to foreign investment; commercial transportation, retail sales, advertising.

TV and radio broadcasting,

 Closed to investment unless fulfilling certain conditions: selected food-processing and forest products enterprises, stamp or bank-note printing, motor vehicles, aircraft.
 Closed unless at least 65 percent is ex-

ported: cigarettes, pharmaceuticals.

• Closed unless 100 percent exponed: ar-

tificial sweeteners, alcohotic beverages. Reserved for small-scale industries: most agro-businesses, yarn spinning, weaving, cement and cerantic goods, agricultural tools, many handicraft items.

A June 10, 1993 ruling lowered impon duties, improved impon procedures and deregulated the automotive sector.

Several permits are required: location, building. Nuisance Act, work permits, land titles and, in some instances, an Environmental Impact Assessment, Provincial approvals are required for projects outside of Jakarta. Land titles are valid for 35 years but may be extended. Building rights are granted for 20 to 30 years.

Duty-free zones exist in Jakarta and on Batam and Bintang Islands. Bonded zones and industrial estates are in Jakarta, Cilegon, Surabaya, Cilacap, Ujung Pandang and Medan.

Tax and import-duty incentives include two years' exemption or reduction of import duties on capital goods and raw materials for selected projects, with longer periods in some instances. Tax relief is available through accelerated double-declining balance depreciation on capital goods and carry forward of losses and various deductibles. The income tax rate is graduated between 15 and 35 percent. Indonesia has double-taxation treaties with many countries.

Other incentives include free movement of foreign currencies, limited legal protection of intellectual property rights and security of foreign investments guaranteed by luvestment Guarantee Agreements with ASEAN and 19 other foreign governments.

ASEAN and 19 other foreign governments. Indonesia is a signatory to the International Center on the Settlement of Investment Disputes and is a member of the Multilateral Investment Guarantee Agency on non-commercial investment risks.

Ordinary investment applications are handled by the Investment Coordinating Board: those for bonded zones, by the Bonded Zone Authority. Investment information is available from the BKPM, chambers of commerce, CISI (a private information service) and Price Waterhouse (Indonesia).

industry experts say, would likely spark another housing boom for company residences and retirement homes. For developers looking for long-term investments with high returns, it means a poten-

tial windfall.

"There is tots of room for foreign investment," says Mr. Rohn, "Indonesia needs development capital, and a foreigner can get good returns on his investment. In Lippotand, we sold 1,000 units in three days. Some people here think that is slow progress, but most American developers would be delighted

opers would be delighted with that level of sales."
The rapidity and scope of city development as well as increasing migration from rural areas suggest a long run for real-estate development.
Jakarta will have around

Jakarta will have around 17 million people in 2005. With a low per capita GNP of \$570, there is enormous potential for growth. Moreover, once the cycle wanes in Jakarta, it will be repeated in other Indonesian cities as they achieve more advanced economic status.

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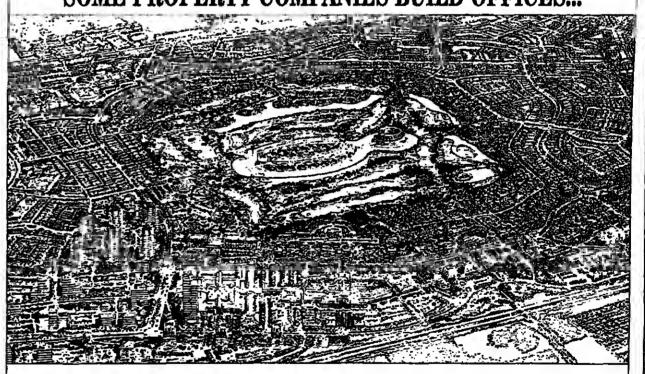
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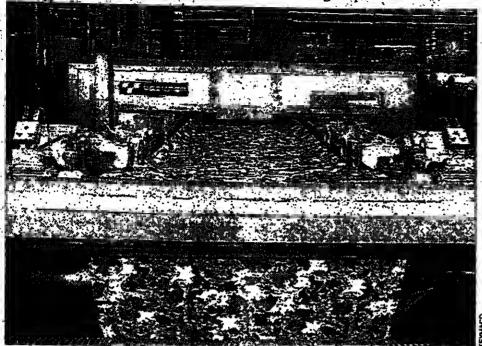
Textiles: Rise in U.S. Quota Bolsters Industry Outlook

Among Indonesia's success stories is its textile and garment industry. Through technology and automation, the country has transformed a cottage industry into its number-one non-oil industry. The industry now employs more than 2 million Indonesians and can claim 3 percent of the world textile market.

In 1991-92, Indonesian mills produced 5.22 billion meters (17.7 billion feet) of cloth and earned the country \$4.34 billion for textiles, garments and handicrafts as Indonesian manufacturers he combined. Their primary garment markets over each stage of production.

were in developing Asian countries, Europe and North America.

The industry has grown incrementally as Indonesian manufacturers have taken



Indonesia's number-one non-oil industry brought in \$4.34 billion in revenues.

In the 1960s, yarn was imported and woven locally. In the 1970s, the yarn began to be produced locally, using imported poly-

ester chips. Indonesia's petrochemical base then enabled manufacturers to produce their own chips. From there, it was a minor

creating garments.
Only natural fibers hlended-with Indonesian synthetics, accessories and chemical dyes are now im-

step to designing and

ported. Government departments like the National Agency for Export Development have been active in arranging exhibitions, providing marketing assistance and lobbying for higher quotas from overeas importers.

Industry growth and new investment show no signs of slowing. Indonesia re-cently lobbied successfully with the United States for a 35 percent increase in its textile quota.

Conservative estimates predicting a 12 percent annual export growth over the medium term seem realizable given the expanded capacity and the increased U.S.

The export target set by the country's sixth five-year plan is \$15 billion in 1998.

"Meeting the target is a piece of cake," says Mhd. Manimaren, director of Texmaco. "We have seen the industry grow by 30 to 40 percent increments

since 1987. We have the global markets, and Indonesia is very competitive, so we can grow even

larger. There are quotas. in the United States and Europe, but if the Uruguay Round succeeds, quotas will be phased out." Recent re-

> Annual export rise of 12 percent predicted

ductions in textile quotas following the G-7 summit in July make this more likely.

The only possible clouds on the horizon are a host of new producers in Vietnam. China and other emerging economies, but Mr. Manimaren discounts their threat.

"China is strong in cotton, and Indonesia is strong in man-made fibers, so we occupy different niches. Vietnam will not be strong for a long while. We see profitability continuing well into the next century. with the Indonesian textile industry becoming medium-scale and then hightech." he says.



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Banking: The Thin Line Between Control and Liberalization

The rapid growth of the Indonesian economy has been due in large part to government foresight in ensuring that liberalization was accompanied by a stronger and more diversified financial sector.

In the 1970s, the government made foreign exchange freely convertible. In the second deregulation drive of 1983; banking and finance were two of the prime targets.

The goal was to make the banking system more efficient, says Soedrajal Djiwandono, governor of Bank Inches

donesia, the country's central bank, "After 1983, banks were permitted to set their own deposit and lending rates. lending to foreign joint-venture companies unless na-The gross assets of the fi-

nancial sector doubled. growing by an average of 23 percent per year between 1982 and 1987. Several deregulations followed, with the most im-

portant occurring in October 1988. After that, the banks flourished, with numbers doubling from 100 to more than 200. Branches doubled from 2,000 to 4,000," he adds.

The exuberance got out of hand, however. One private bank collapsed, and bad loans by others threatened the stability of the system. Late in 1990, Bank Indonesia initiated a tight money policy to cool off an overheated economy and to stem inflation. It also raised paid-up capital requirements from 10 billion Indonesian rupiahs (\$4.87 million) to 50 billion rupialis.

Since then, the central bank has treaded a thin line between control and liberalization. Deregulation has continued, but the watchword is prudence. "We want to let the market determine the allocation and selection of funds and business to increase the efficiency of the economy, but deregulation doesn't mean that there are no rules,

says Mr. Djiwandono. The banking, leasing and insurance sectors in Indonesia are regulated by the Department of Finance in cooperation with Bank Indonesia. The management of the monetary sector is mostly aimed at how we can manage the national economy within the international economy and deal with uncertainties," says Mr. Djiwandono. "The most important thing is to create certainty for the business community and increase our international competitiveness," he adds.

The principal funders of government programs are the five state-owned banks, which have traditionally dominated the banking sector. Government restrictions on

tional shareholding was at least 51 percent led to the 1988 reforms that gave pri-vate commercial banks a larger role in financing.

While the state-owned SAME AND RECOGNICATIONS OF THE PROPERTY OF THE banks still dominate banking, the more than 135 private banks play a vital role in mobilizing funds for domestic investors. The 11 international banks that now operate branches in Jakarta engage primarily in corporate

> There are also more than 25 development banks for medium- to long-term financing. A number of non-bank financial institutions provide medium- and short-term loans to government and private enterprises. They also offer financial investment and management advice, facilitate local and overseas funding of projects, and under-

> Venture capital, security trading, factoring, credit cards and consumer financing are allowed for commercial banks, non-bank financial institutions and finance com-



panies. Nine investment linance companies offer financing and money-market services.

ing shares on the Jakarta or Surabaya stock exchanges or through the OTC market to domestic and foreign investors. There is a widespread belief that the market needs invigorating to create a cheaper source of funds as an alternative to bank interest rates, which, with deposit rates, now stand at 19 to 20 percent.

Bank Indonesia continues to support the development of the banking sector. "We will keep improving the system and expanding the financial instruments and services to serve a maturing economy," says Mr. Djiwandono, "As the economy becomes more and more advanced, we need a diversification of financial instruments. Developing these is the direction of the future."

State Projects Open to Private Sector

Five state-owned banks

dominate the sector

Continued from Page 1

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i - plant

the country's burgeoning work force. Indonesia's movement away from an agriculture-based economy: has created a large labor. pool that is at once a blessing and a potential liabili-

Recognizing that large-

Not enough jobs. for workers

PROGRAMMENT AND THE TANK

scale unemployment could create social unrest, the government has made employment generation a priority. With 2.3 million youths coming onto the job market each year, the magnitude of the problem is enormous. The economy must expand by at least 6 percent per year to accommodate them.

Even more pressing is the need to upgrade skills. The minimum wage is now 3,000 Indonesian rupiahs (\$1.45) per day, but as emerging nations enter the international marketplace, Indonesia will find itself outbid on low-cost labor. While most of Indone-

sia's new entrants are urban high-school graduates, they are inadequately trained to cope with the new technology manufacturers are introducing.

The government is dis-cussing on-the-job training programs, incentives for companies to train employees and an increase in the number of vocational schools. There is also an urgent need for managerial

personnel. Another of the government's priorities is trying to move industry away from Jakarta to other Javanese cities and to the other. 13,000 islands. Although Java forms only 7 percent of the Indonesian land mass, it has a population of 110 million, 60 percent of the nation's total population.

Of Indonesia's 21 percent of GDP produced by manufacturing, the figure in the eastern provinces is only 5.6 percent. Of this effort to decentralize, Mr. Sastrowardoyo says. "We have not been very successful so far. We give additional tax holidays and extra incentives for factories located outside of Java, but manufacturers are still not attracted. We are looking for additional in-

centives. .The shift of industry to the provinces is gradually beginning, however, as better ports and air connections are developed and provincial authorities are speeding up their ap-

provals process. . . . Bandung, Surabaya and Medan, for example, are already established as. manufacturing centers and

are growing.
Two particularly promising areas are the two. growth triangles set up as joint free-trade zones. The southern triangle comprising Singapore, Malaysia



The next generation: 2.2 million young people enter the labor force each year.

and Indonesia is seeing the rapid development of the Indonesian islands of Batam and Bintang, only 19 kilometers south of Singapore, The northern growth triangle of southern Thailand, northern Sumatra, and northern Malaysia with its base at Penang, is sull in the formative

While the role of oil and gas has declined, they are still vital components of the Indonesian economy. With domestic demand rising 9 percent per year and with oil and gas being depleted, it is imperative that Indonesia discover new sources to avoid having to import oil in the future. Foreign companies have spent an annual average of \$3 billion since 1988 on petroleum development,

\$1 billion on exploration. Meanwhile, Indonesia continues to expand its non-oil-sector through in-vestments. We welcome every type of investment – in both labor-intensive and sophisticated industries," says Mr. Sastrowardoyo.
"We feel that the brightest prospects for investors are in agro-business, agrobased business, machinery, electronics, electrical, consultancies of any kind, hotels, holiday resorts, textiles and garments."

The Indonesian government has been responding to investors' concerns. It recently cut license upproval times from 18 to nine months and is trimming other steps to reduce the approval period to the two weeks required in neighboring Singapore and Malaysia.

On July 22, the Investment Coordinating Board announced that a new deregulation policy to be initiated in August will shorten project approval times at the provincial

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Among the country's rich variety of attractions are Borobudur, with its imposing statue of Buddha (top left); a crocodile farm on Sumatra (above); and a river in Leuser National Park that is popular for rafting (bottom left).

Ecotourism: The Natural Way to Travel

Indonesia's natural beauty has long been a prime draw for visitors, but their appreciation has usually been passive, with nature forming the backdrop for the pursuit of other activities.

Now, a new type of traveler is making active exploration of nature the primary reason for a visit. Capitalizing on its wealth of natural beauty, Indonesia has declared "Envi-ronment and Heritage Year 1993" to enable visitors to experience its wilderness areas.

experience its wilderness areas.

"Ecotourism is very new to Indonesia, but it has good potential," says Tjetjep Suparman, acting director of marketing for the Directorate General of Tourism, "We have developed an ecotourism plan that includes marine and forest tourism, hiking, trekking and bicycling. Our many national parks lack overnight facilities as yet, but outside the pady houndaries, there are accommodations, mides the park boundaries, there are accommodations, guides and restaurants. We also try to get people from the area involved as guides and service providers.

Twelve of Indonesia's 27 provinces now have at least one campground; at the end of 1992, there were 110 countrywide. Foreigners are allowed to camp in national parks; arrangements can be made through travel agencies.

Visitors can take bird walks through the Balinese coun-

tryside or bird-watch in Bali Barat National Park on the northwestern corner of the island. They can also hike trails through Kalimantan or Sumatran rain forests.

In addition to hiking and observing wildlife in game reserves, there are more strenuous activities available for the adventurous traveler. Bali and Kalimantan now offer rafting expeditions and boat trips down jungle rivers, and tour operators are studying Sumatra's and other islands' considerable potential for rafting. The uninhabited coastlines of remote islands in eastern Indonesia can be explored in a sea kayak.

The country's thousands of kilometers of shoreline offer spectacular scuba diving and snorkeling opportuni-ties. Flores, the original nutmeg island near Ambon. located east of Bali and Banda Nerira, offers coral reefs and undersea areas filled with an astounding array of tropical fish and plant life.

Indonesia is also home to some of the world's more intriguing animals. East of Bali, Komodo dragons reaching three meters and weighing 150 kilograms (330 pounds) rival the dinosaurs of the film "Jurassic Park" in ferocity. In Sumaira, Kalimanian and other small pockets are orangutans, considered to be among the most intelligent members of the primate kingdom. Scattered through the islands are ugers, elephants, rhinoceroses, loris and other wild beasts.

The more popular sites illustrate the wide range of wildlife found in the country. The 34,000-square-kilo-meter Dumoga-Bone National Park in Sulawesi is home to the tarsier, the Sulawesi civet cat and a variety of

snakes, including pythons 10 meters long.

The Penajung-Pangandaran reserve, located near Bandung on Java's south coast, has coral, caves and nature walks. Kelimutu Reserve on Flores Island is famed for its three crater lakes, and Bunaken Marine Park has 50 different types of coral.

Located 60 kilometers south of Jakarta are the famed Bogor Bolanic Gardens, which were laid out by Sir Thomas Stamford Raffles, About 15,000 native and foreign plant species grow on its 87 hectares of land. The Cibodas Mountain Garden, located 30 kilometers south of Bogor, was founded in 1862 on the slopes of Mt. Gede. Dedicated to the study of mountain flora and fauna, the garden is home to the Javan gibbon and 260 species of

Pulau Dua and Pulau Rambut, off Java's northwest coast, are seabird reserves, and Tanjung Puting in south

Hotels: A Room Boom in Progress

With rising investment in Indonesia has come a need for new hotels to serve the business traveler.

Thirty-three companies are now building a total of 57 hotels in Jakarta designed primarily for the business-travel sector. "Our market research shows that in 1992, 82.5 percent of Jakarta's arrivals were businesses." ness travelers, with only 8 percent group tours and 8.5 percent airline crews, says James Papineau, marketing director for the 669-room Shangti-la Hotel, scheduled to open in early 1994.

In December 1992, there were 305 two-to-five-star botels in Indonesia with a total of 26,001

star hotels in Indonesia with a total of 36,891 rooms, but only 25 of the three-to-five-star hotels were in

The street says that Jakarta is oversupplied with hotel rooms," says Maurice W. Templo, director of rooms for the 368-room city-center Dai-ichi Hotel, opening next December in Jakarta. "But Dai-ichi does not feel that business travelers' needs are being properly met. There have been lots of improvements in technology in city botels but not in services. We are trying to meet the need by creating a businessclass hotel.

Frank A. Liepmann, general manager of the 335-room Citraland Hotel, opening in September, con-curs: 'The scene has changed. The business-class traveler wants all the creature comforts at attractive prices. Even the profile of the business traveler is changing. We will see more entrepreneurial businessmen and fewer corporate executives."

All three hotels are targeting Southeast Asian na-tionals and other foreigners, offering them a range of special services like separate check-in, butler service and comprehensive business centers. Dai-ichi and Citraland will cut the usual high fees charged for telephone calls and minibars, a bone of contention among frequent travelers.

Hotels are important social venues in Asia, and efforts are being made to lure local businesspeople with conference centers and other special facilities.

Kalimantan offers boat trips through swamp jungle filled with birds and has a "rehabilitation center" for Borneo orangutans, as well as a guest house for visitors. In Ujung Kulon-Krakatau National Park, visitors will find Javan thinoceroses, hiking trails, lowland rain forest, a variety of marine life and coral reefs.

The main attractions at Komodo National Park are the famous dragons, of course, but the park also has coral reefs. Mount Leuser National Park in Sumatra is an unrivaled primary rain forest, which has a rehabilitation center for orangutans, 320 species of birds, 176 species of mammals and 194 species of reptiles. It is also home to the rare Sumatran rhinoceros, the clouded leopard and the Sumatron elephant. Keriunci Seblat National Park in Sumatra has hot springs, Sumatran chinoceroses, rafflesia, tigers, a variety of bird species and lodging facilities for visitors. At Berbak Wildlife Reserve, the attractions are migratory birds, swamp forests and fresh-water forests.

Presence With A Past



Menteng, o name that immediately conjures images of tree-lined streets, art-deco facodes, light fixtures reminiscent af the 1920s and colonial houses. Indeed, the Menteng as we know it today is nat too different from the Menteng before. Many of the lovely hauses still stand, only some have been converted into museams, embassies and ambassador residences.

Alenteng, named after its original Dutch estate owner, von Muntighe, was bailt for the influx of middle-class workers who came from Halland to staff the growing commercial city of Joyakarta. or DKI Jokarta today.

Todoy Menteng is an exclasive residential area steeped in history, the arts, coloniol architecture and Indonesian culture. A walk through Menteng will present a surprise at every corner.

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Through its vertically inregrated structure, the Group has achieved significant market shares in agro-industry? while adhering strictly to the national standards of health, safety and environsource of strength and mental protection.

SHELTER

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As one of the leading developers in Indonesia, Sinar Mas ensures its diverse real estate projects are developed in harmony with the surrounding environment. The Group's interests include commercial real estate and office buildings, residential subdivisions and condominiums, shapping centers, industrial estates and golf course developments.

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Its subsidiaries, Tjiwi Kimia and Indah Kiat provide a model for Indonesia and the world in waste . management, including their exemplary waste water treatment facilities. The Group also makes extensive use of recyclable paper products and bagasse in its pulping operations.

The Group's activities in the pulp and-paper industry adhere to strict environmental policies, including extensive reforestation projects, and maximum use of forest plantations."

> QUALITY OF LIFE Sinar Mas works to enhance the quality of life with its wide range of financial services. Sinar Mas operates one of the most profitable local private banks in Indonesia, Bank Internasional Indonesia (BII), which actively supports programs such as the World Wildlife Fund's endeavor to save the Javanese Rhinocerous, Through its consumer marketing program, BII contributes to this project for every

Sinar Mas has been selected to participate in the government sponsored program "Care '92", designed to educate the public on environmental issues. including pollution control and recycling. The Group's activities in this program include providing loans to small businesses for waste management projects, and the purchase of materials for recycling purposes.

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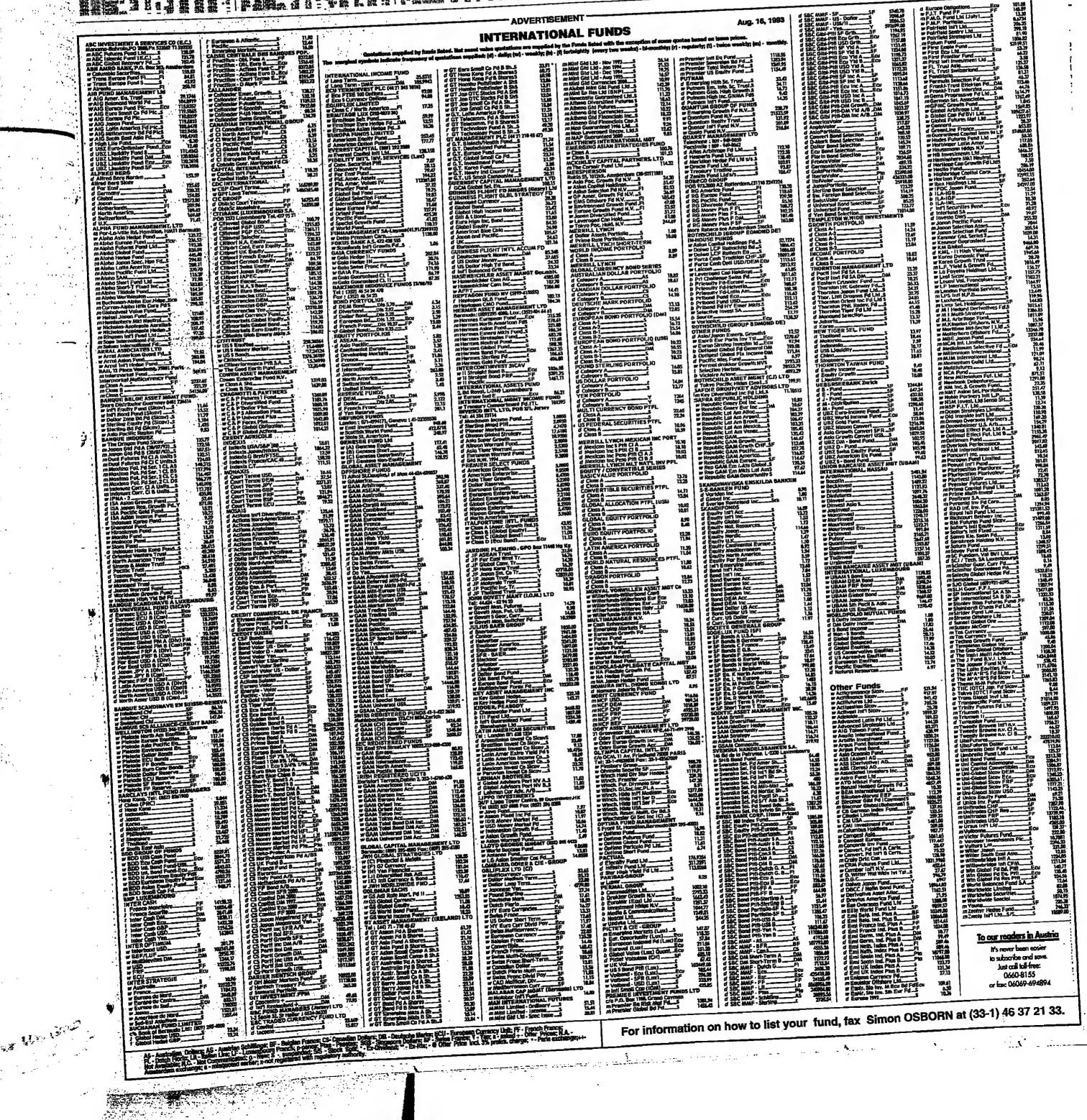
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SPORTS PGACHAMPIONSHIP

Norman's Putt Spins Out, **Azinger Wins in Playoff**

By Jaime Diaz

TOLEDO. Ohio -- Perhaps it is simply not meant to be that Greg Norman wins at the Inverness Club. Or perhaps it was just time for Paul Azinger to win.

Either way, nothing but fate can describe the dramatic end of the 75th PGA Championship, After the two players ded over 72 holes on Sunday, Norman watched two putts in sudden death roll hard against the left edge of the hole only to spin out.

The first miss, from 20 feet (6 meters), cost him an outright victory and his second consecutive major championship. The second, from about 4 feet, which came after Azinger lipped out a 6-footer of his own, gave the 33-year-old Floridian his first major championship.

. Azinger shot a closing 3-underpar 68 over a drier, stingler Inveress, with hirdies on four of the final seven holes, the last one coming from six feet on the 71st hole. Like Norman, he narrowly missed a hirdie putt on the first extra

"It brought tears to my eyes," said Azinger. "It was a huge bunden off of me. I felt I had something to prove. Today, I asked myself: 'Are you capable of doing it? Are you

good enough? Azinger and Norman tied at 12-under-par 272, one stroke better than Nick Faldo and two ahead of Vijay Singh. Azinger gained his 11th career victory, his first in a playoff against two losses, and became the seventh winner in the last eight years to make the PGA his

first major victory. Norman, who began the day with a one-stroke edge over tightly bunched leaders, closed with a bat-

LUMBERTON, North Carolina - The

two 18-year-old men accused of murdering

Michael Jordan's father, James, were ar-raigned Monday on charges of murder, armed robbery and conspiracy. The district attorney said he lilely will seek the death penalty.

Larry Martin Demery of Rowland, North

Carolina, and Daniel Andre Green of Lumber-

ion were denied bond at the arraignment and returned to the Robeson County Jail. A probable cause hearing was scheduled for Sept. 3.

Robeson County Sheriff Hubert Stone

said a National Basketball Association

championship ring that Michael Jordan had

given his father had been recovered and

Demery and Green were caught in part

through calls they made from James Jor-

dan's car phone over several days following

kind of random violence that all the public are

concerned about and afraid of," said Jim Coman, director of the State Bureau of Inves-

"What happened to Mr. Jordan was the

his slaying last month, other officials said.

called it "very important to our case."

chance both to make history and, in a sense, rewrite it.

Had he won, it would have been the first time a player had won the British Open and the PGA Championship in the same year since Walter Hagen did it in 1924. As it was Norman became the first to play eight consecutive rounds in the 60s in major championships.

Perhaps more significantly. a victory would have expiated the pain of his defeat in the same championship on the same course in 1986, when Bob Tway holed a sand shot for a hirdie on the 72d hole to defeat him.

"I think I feel more down because of the first putt I had in the playoff," said Norman. "I hit as perfect a putt as I could have hit to win. But I can handle adversity pretty well. I lost to a great player. I'm happy for him, but I wish it was

Playing in the last group, Nor-man fell three shots behind after he double-bogeyed the par-3 sixth hole, when he left a sand shot in a bunker, and then he bogeyed the seventh after a poor chip. But he came storming back with four birdies, and after hitting a wedge ap-proach to 20 feet on the 357-yard 18th, he had a chance to win his

toun, me mad a chance to win his third major championship outright.

After a long look, he hit a firm putt that, after breaking from left to right, just skimmed the left edge of the hole. In the sudden-death playoff.

which hegan on the 18th, Norman hit another wedge approach to almost exactly the same spot as he had earlier. This time, he hit his putt a shade more to the right.

A foot from the cup, it looked to be in, but instead it dipped along the left edge of the hole and spun lling 69. With his lip-outs, he lost a out at a 90-degree angle. After

miss from 18 feet, the players went to the second playoff bole, the 361yard 10th.

There, Norman hit a pitching wedge from light rough some 25 feet past the hole. Azinger followed from the fairway with a wedge that

stopped six feet to the right,
Putting first, Norman misjudged
the speed of his birdie putt and left it short of the hole, in almost the identical place from where he had missed a birdie putt in regulation. Azinger hit his putt a shade too

hard and watched it lip out of the right edge of the cup, then tapped in for par. Norman tried to finesse his hreaking right-to-left down-hiller, but it broke too much and spun out of the left side of the

The reaction at the ending was more regret and relief than jubila-

"I just feel so fortunate," said Azinger. "It was a very, very diffi-cult day for me mentally. I was so nervous, when I was looking at putts, my heart was beating so hard, I felt my eyeballs flash. At the end of the round, I was gasping for air. I was just trying to get as many deep breaths as I could."

Although there were 18 players within four shots at the beginning of the day, the cream slowly came to the top on the back nine.

Bob Estes was in the lead after a hirdie on the par-5 8th hole. But with another oo the 11th, he dropped to 9 under.

Singh hung with the leaders throughout and tied for the lead with a hirdie on the par-5 13th, hut when be three-putted the 16th hole

Jordan Suspects Arraigned, More Details Given



Paul Azinger, hugging daughter Sarah Jean: "My heart was beating so hard, I felt my eyeballs flash."

par putt, it dropped him to 10 un-der.

The player with the pedigree and the position seemed to be Nick when he drove into the bunker on Faldo. Beginning the day two the 10th and bogeyed, and followed strokes and five groups behind with another on the 11th, he Norman, the winner of five major championships took the lead with a birdie at the par-5 13th. But he could produce no more birdies

A few moments later, there was a from 40 feet, failing on a five-foot four-way tie at 11 under among

down the stretch.

two-way hattle that came down to the roll of the rim of the hole.

The U.S. Ryder Cup captain, Tom Watson, named Raymond Floyd and Lanny Wadkins on Mooday as his two final choices for the team that will play Europe's top golfers Sept. 24 to 26 at The Belfry

"It was a difficult decision to

Norman. Azioger, Singh and make," Watson said. "I selected Faldo. A hole after that, it was a two players who share my No. two players who share my No. 1

criteria: heart and guts."
Davis Love 3d, Chip Beck and Jim Gallagher Jr. made the team Sunday by finishing high enough in the PGA Championship. The first six spots had been clinched, before the start of play, by Azinger, Fred Couples, Tom Kite, Lee Janzen, Corey Pavin and Payne Stewart. John Cook became the seventh after Saturday's round.

Royals Gain a Split, Chisox Lead at 3½

The Kansas City Royals' game against the Chicago White Sox fit neatly into the crucial category.

Kevin McReynolds homered and drove in three runs during a 7-5 wictory Sunday that was delayed twice by rain. It moved the Royals to 3½ games behind the first-place White Sox in the American League West as the teams split the four-game series in Chicago.

"It was a long day, but we won." said the Royals' manager, Hal McRae. "We broke even. We let one game get away. We had a chance to win three-of-four, but we'll take a solit."

The Royals broke a 3-all tie in the fifth inning against Tim Belcher. Wally Joyner doubled and scored when shortstop Ozzie Guillen made a diving stop to his right on Mike Macfarlane's single, but the throw to second to get Joyner going back to the bag sailed by Joey Cora into fool territory.

Chris Gwynn and McReynolds added RBI singles to make it 6-3. Tom Gordon, who beat Chicago for the third time this season with out a loss, allowed three runs and seven hits in 6th innings. Jeff Mont-gomery got the final three outs for his AL-leading 36th save. Brewers 6, Tigers 4: Kevin Scitzer's two-run double ended a

sixth-inning tie as Milwankee beat visiting Detroit.

Twine 12, Athletics 5: Kirby Puckets went 5-for-5 and hit two of nesota's six homers in Oakland. jor-league pitching appearance.

Packett hit two two-run homers and Bernardo Brito, 29, a rookie, also homered twice as the Twins completed a four-game sweep.

Angels 14, Mariners 2: Greg My- \$ ers drove in a career-high four runs as California won in Seattle with a season-high 22 hits that included seven doubles and only the Angels' fourth homer in August.

In earlier games, reported in some Monday editions:
Blue Jays 9, Red Sox 1: Toronto rocked Roger Clemens for two homers; by Joe Carter and Darnell

AL ROUNDUP

Coles, and six runs in less than four innings to win in Boston and re-main tied with New York for first place in AL East. Paul Montor drove in three runs with two sin-

Yankees 1, Orioles 0: Don Mattingly homered on an 0-2 pitch of from Ben McDonald leading off the bottom of the eighth, and New York beat Baltimore although TV replays showed that a fan had reached over the right-field wall at Yankee Stadium and caught the

Rangers 4, Indians 1: Nolan Ryan pitched two-hit ball over sev-en immegs for his 324th career vic-tory as Texas won in Cleveland before a crowd of 60,727. Ryan (5-3) passed Don Sutton for 11th on the all-time victory list and Walter Johnson for 17th with his 803d ma-

Bonds-Williams Punch Floors Cubs 2d Time

For Barry Bonds and Matt Williams, it was little bit like the "Anything You Can Do I Can Do Better" lines from an Irving Berlin

Bonds and Williams hit consecutive home runs in the third inning in Chicago. But that waso' enough, so they did it again in the 11th, giving the San Francisco Gi-ants a 9-7 victory over the Cifbs. "It was a good game, exciting," Bonds said. "Too bad there weren't

a lot of people around to see it." The start of the game was de-layed by rain for 44 minutes. There "I didn't think we'd play," said the Giants' manager, Dusty Baker. "Our dugout was flooded with wa-

With the score tied at 7, Bonds honored off Randy Myers with one out in the 11th. Williams followed with his 27th homer, a drive that landed on Waveland Avenue, beyoud the left-field bleachers.

Willie McGee's third home run, a drive off Jose Bantista, put San Francisco ahead, 7-6, in the ninth. Mark Grace, who had four hits, tied the score in the bottom half with an RBI double off Rod Beck. who hiew a save for the 4th time in 40 chances.

Braves L. Reds 9: Greg Maddux pitched a four-hitter in Cincinnati and Jeff Blanser singled home the only run after Deion Sanders tri-pled with two outs in the third as Pittsburgh beat Florida.

Atlanta won its seventh straight, a season high.

Jose Rijo struck out 11 in seven innings and gave up just four hits.
Rockies 4, Astros 3: Shortstop
Andujar Codeno misplayed Vinny Castilla's grounder in the ninth, allowing the go-ahead run to score in Housion as Colorado won for the seventh time in eight games.

Dong Drabek, 0-6 in eight starts since July 4, took a 3-1 lead into the

欧京… - '

COMBOLE

Michigan Print

NL ROUNDUP

eighth, but Chris Jones and Danie Bichette bit RBI doubles. Dodgers 4, Padres 2: Tim Wal-

tach, given a reprieve when San Diego's rockie first baseman. Guillermo Veiasquez, failed to catch his foul pop-up in the sixth, homered and Cory Snyder singled in two runs in Los Angeles.

In earlier games, reported in some Monday editions:
Phillies 5, Mets 4: Kim Batiste singled home Wes Chamberlain with two outs in the eighth as Philadelphia rallied from a 4-0 deficit in New York to win for the fifth time m six games.

Expos 7, Cardinals 1: Center fielder Moises Alou threw out Ozzic Smith at home to end the fourth and Brian Jordan to end the fifth in Milwaukec, while John Vander Wal and Larry Walker each drove in two runs in a five-run fifth. Pirates 4, Marilas 3: Don

tigation. "It could have been any one of us." Jordan, who would have turned 57 on July 31, was shot once in the chest about 3:30 A.M. on July 23 after pulling his car off Interstate 95 and stopping along the gravel entrance to a store on U.S. 74 near Lumberton in southeastern North Carolina, authorities said without explaining how investigators were so certain of their facts, or whether either

DENNIS THE MENACE

of the suspects had provided a confession. miles (96 kilometers) from where the body Stone said Jordan was in the car, with a was left, police said. window down and the doors unlocked, when he was shot. No blood was found because the bullet did oot leave his body, the sheriff said.

The body, badly decomposed, was found in a creek across the state line in South Carolina on Aug. 3 and was not identified until dental records were compared Friday. Green was paroled in June after serving less than two years for a conviction in Robeson County for assault with a deadly weapon with intent to kill and armed robbery, Stone said. Demery was under indictment for

armed robbery and out on bond. Demery's mother, Virginia, who was given permission to visit hriefly with her son after the 20-minute hearing, said, "He had beeo in trouble. Robberies. He had a case pending. It's hard to believe."

Jordan was driving home from a friend's funeral when he stopped his car to rest, Stone said. His killers then went through his personal effects - and discovered that their victim was the father of one of the world's richest and most celebrated athletes.

"Once they knew it was Michael Jordan's father, they tried to cover their tracks the best they could," hy taking the body to South Carolina, said Captain Art Binder of the Cumberland Sheriff's Department.

They apparently kept the car, a \$45,000 red Lexus 400, for three days before abandoning it near Fayetteville, which is about 60

The car ended up with several youths who drove it for a while, then stripped it. It was

found last week on a secluded dirt road oear Fayetteville, but officials did oot learn until last week that it belonged to Jordan. Four youngsters arrested during the week-

end and charged with vandalizing the car were not connected with the murder, Cumberland County Sheriff Morris Bedsole said Green and Demery were arrested at the Robeson County Sheriff's Department after

being called in for questioning. No murder weapon has been recovered, authorities said. The suspects broke down and cried as they were questioned, Stone said. Both made statements, but Stone declined to describe them as confessions.

Jordan's funeral was held Sunday in Teachey, North Carolina, a rural town of about 250, at services attended by his son, Michael, other family members and friends. Michael Jordan "talked mostly about what his dad taught everyone he met and he

thanked the people for coming out and show-ing support," said Johnny Williams, assistant pastor at Rockfish AME Church (AP, NYT) Earlier, Kevin Sullivan of The Washing-

ion Post reported: Gloias Jacobs, who lives next to the Greens's run-down green-and-white mobile home on a short dirt street in Bob's Landing

Mobile Home Park, about two miles from

where Jordan apparently was slain, said she saw a red luxury sedan parked next to the Green trailer recently.

Jacobs said she saw it driven into her

neighborhood at about 6:30 one morning as she left for work, but did not see who was driving. When she came home that evening, she said she saw it parked behind the Greens's trailer, out of sight of the main road. Later, she recalled seeing it parked behind an abanided trailer across the street.

A Washington Post reporter who walked behind that trailer and searched through the tall grass found five shiny compact discs strewn about among the rotting mattresses and litter. They were soul recordings by the O'Jays, Curtis Mayfield, Billy Ocean, Kool Skool and one by Tyler Collins.

Stone said Green and Demery said they had taken CDs from Jordan's Lexus and thrown them in the yard. He said his investigators already had recovered about 25 discs. One question still unanswered was why lordan was not reported missing, although his family had not heard from him in three weeks.

Another was why he parked near the T&A Flea Market, a country corner store that isn't much of a place at all. But it is where the son of a sharecropper, who lived to see his son earn an estimated \$35 million a year and become one of the world's most famous faces, died when he pulled over to take a nap. It is less than a mile from a Quality Inn. Rooms there cost \$24.95 a night.

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Daniel Andre Green

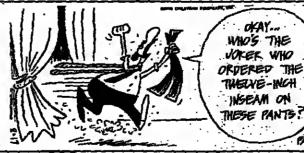
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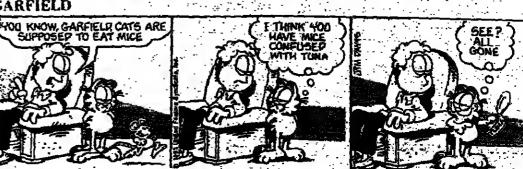
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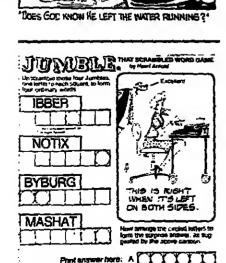




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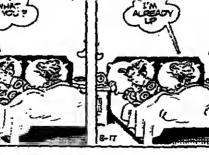






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Fine Threatened

VALENCIENNES, France - The judge investigating charges that Olympique Marseille tried to bribe the Valenciennes team's players threatened Monday to fine a former cabinet minister for refusing to testify, after turning down Jacques Mellick's surprise request that he be formally put under investigation on allega-tions that he had given the Marseille club's owner, Bernard Tapic, a phony alibi. Mellick, a Socialist member of parliament

who is now the deputy mayor of the northern town of Bethime; left the Valenciennes courthouse less than half an hour after arriving to be

questioned by Judge Bernard Beffy.
His lawyer, Charles Librain, said that Mcllick would answer none of the judge's questions as long as files needed for his defense are barred

Before going in, Mellick told reporters that he would ask to be formally put under investigation, a step that can lead to being charged. Putting Mellick under investigation would have forced Beffy to give him access to the files investigators are building on his whereabouts June 17, the date of an alleged cover-up attempt

made by Tapic. Beffy said he would call Mellick in again, but not before taking a two-week vacation, and that Mellick risks being fined for not answering

Mellick's account of meeting Tapie in Paris from 2:30 P.M. to 3:30 P.M. on June 17 is the cornerstone of the club owner's defense that he did not see Boro Primorac, the former coach of Valenciermes, about 3 P.M. that day.
Primorae contends that Tapie met with him

to confirm an intermediary's offer of money and career opportunities if Primorae would take the blame for the match-fixing case. Mellick, more than three weeks after Primorac's accusations, said that he had been with Tapic at the time and never saw the Valenci-

iam. Pur

ennes coach there. Last week, a Bethune town hall newsletter showed a photograph of Mellick at a June 17 reception for new employees. The caption put him there at 2 P.M. Mellick claims the caption was wrong and that he arrived late, about 5

But a source close to the case said Monday that it had been learned that Mellick's chauffeur had bought petrol in Bethune at 1:20 P.M. that day, which would not have given Mellick time to drive the 210 kilometers (130 miles) to Paris to be with Tapie at the crucial time.



Sabine Braun of Germany leaped into the women's heptathlon lead after winning the high jump. But after falling behind in the first three events, Jackie Joyner-Kersee had rallied.

"I'm the victim of a campaign of hate and denunciation," Mellick said before meeting Beffy, "This whole affair is a minor news item that has nothing to do with me."
Onlookers cried, "Liar, liar."

Three Valenciennes players have accused Marseille's former general manager of offering them a bribe to throw a league match May 20 so Olympique could save energy for the European

Champions' Cup final six days later. Tapie's club beat AC Milan to win France's first European title; Valenciennes was relegated to the

second division. Mellick was minister of maritime affairs in the last Socialist government, when Tapie was minister of urban affairs. Tapic owns a finan-cially troubled scale-maker, Tesmt, that is one of Bethune's largest employers. (AP, AFP)

Scott Hach, United States 74-68-68-67-227 Notion Herske, United States 72-70-67-68-227 Phil Mickelson, United States 67-71-69-78-227 Richard Zokol, Conada 66-71-71-70-278 Stave Etkinston, Austrolia 67-66-74-71-278

Richard Charles Austrollo 67-66-74-71—278
Bruce Freisher, United Stotes 68-74-37-68—278
Gory Hollbert, United Stotes 68-74-37-68—278
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Brod Fanne, United Stotes 70-70-65-73-72
Joy Haco, United Stotes 69-68-70-72-279
Joy Haco, United Stotes 69-68-70-72-279
Joy Hoco, United Stotes 70-67-68-71-72-781
Jon Wooknorn, Britain
Greg Twisors, United Stotes 71-67-69-74-281
Jlm McGovern, United Stotes 71-67-69-74-281
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Peter Jocobsen, U. S.

Devers Stuns Ottey in 100 Meters As Chinese Women Sweep 3,000

Lat 1082

By Ian Thomsen mul Herald Tribune

STUTTGART - Standing on the track, her arm around her rival, watching a giant-screen image of them lunging in slow motion across the finish line together, the 33-year-old Merlene Ottey of Jamaica decided she had won her first major individual champion-

ship at last. Indeed she had broken away from Gail Devers, applauding her own dramatic hreakthrough, when Ottey heard booming like distant bombs the words she could not believe. Devers, hopping up and down, extending a bandshake, had just been named world champion in the 100 meters on Monday night. She is a 26-year-old Californian with an Olympic gold medal from this event already.

Ottey filed a protest through her federation, but 90 minutes later learned that the International Amateur Athletics Federation jury of appeals confirmed the original decision. Ottey must quickly rededi-cate berself to the 200 meters. whose heats begin Tuesday, in what will likely be her last chance

at the highest award. Starting fast had been Irina Pirvalova of Russia, but she would drop to fourth in 10.96 seconds. Surging past her on either side were the Americans, Devers and Gwen Torrence, who would finish third in 10.89. After a slow start, Ottey was pleased with ber final 30 meters. After a long, long wait, in which they and their audience were shown an utterly inconclusive photo-finish on the scoreboard, Devers was announced

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doubted that even one one-hundredth of a second separated

"I don't see how there was any difference m times, said Ottey while awaiting the outcome of her appeal. "You couldn't tell who was first by looking at the photo. Why did it take so long to announce the winner if there was a difference in

The IAAF apparently agreed with her, for the times will be officially reviewed on Tuesday morning This will not suffice for Ottey, who asked that gold medals be awarded to both her and Devers as joint champions.

"I don't care about the Mercedes-Benz," said Oney of the \$30,000 ear awarded to each champion. "I only want the gold medal. If they don't want to give away two Mercedes-Benzes, that's not the point. I'm sure they have two gold "All I know is, I ran the race, the

race is over, and I was told I was the winner," Devers said, "If anybody deserves to win a gold medal, it's

"Unfortunately, in a race like this there has to be a winner and a Ottey, who had won 57 consecu-

tive 100-meter finals between her losses in the 1987 and 1991 World Championships, would disagree. "In the last five meters I caught her." Ottey said stoically, "No matter what they say, I will always

know that I won the race." team distance victories by China kilogram! Kirui sprinted off im-

champion at a time of 10.81 seconds, 10 Ottey's 10.82. Ottey and Kenya, A trio of Chinese women occupied the space behind leader Yvonne Murray of Britain early in the 3,000 meters, making it impossible for the favored Sonia O'Sullivan of Ireland to join the

In the penultimate lap they and-red uniform after the other, in descending order of height. The assault so destroyed Murray that she finished ninth, while O'Sullivan was a distant fourth in 8.33 38 far was a distant fourth in 8:33.38, far behind the championship record of 8:28.71 set by Yunxia Qu.

Second was Linli Zhang in a world junior record 8:29.25. followed by Lirong Zhang in a per-sonal best 8:31.95.

The Kenyans worked a different anne kenyans worken a different game in awarding a gold medal in the 5,000 meters to their 18-year-old, Ismael Kirui, who won in 13:02.75. Their motive was entirely different from that of the Chinese. however.

Our aim is only that Skah is not 10 win," Kirui said.

Kirui is the younger brother of Richard Chelimo, silver medalist in the Olympic 10,000 meters last summer in Barcelona. His rival was Khalid Skah, the winner of that race by dubious means. The Kenyans believe that Skah and a Moroccan teammate purposely impeded Chelimo so that Skah could win

set the early pace while allowing Skah to mingle among them. With seven laps remaining the 5-foot-3-Ottev's loss obscured a pair of inch, 119-pound 11.60-meter, 54-

pulsively, ultimately five seconds ahead, while his teammates fell

back like discarded wrapping.

Skah had no response, finishing fifth in 13:07.18. On the final lap Haile Gebresilasie would slice Kirui's lead from four seconds down to a skinny 0.42, and for that he would finish second in 13:03.17, ahead of

• Mike Conley, another Olympic champion from the United States, won the long jump with a leap of 17.86 meters (58 feet, 1/4 inch), the best of the year. He had the three longest jumps of the

compelition.
Olympic champion Jan Zelezny
of the Czech Republic won the gold
in the javelin with a throw of 85.98 meters (282-1).

Earlier, four athletes, including the silver medalist in the discus at the last world championships, were suspended after failing drug tests this summer.

Dutch discus thrower Erik de Bruin tested positive at the Grand Prix meet in Cologne, Germany, on Aug. 1 and has been banned for four years, the IAAF said.

Three Nigerians were suspended after testing positive for banned substances at their national championships on June 17.

This time Kirui's tearnmates, Michael Cheshire and Paul Bitok, en's 100-meter hurdler who won the gold medal at the World University Games in last month; Godirey Okugbe, a 110-meter hurdler: and shot-putter Vivian Chukwue-

SCOREBOARD

BASEBALL

Major League Standings

AMERICAN LEAGUE

Chicope Kenses City Texes Seeffie Cotternia Minaesota Ookland

St. Louis Montreal Chicago Phisburgh Florida New York Son Franck Atlanta Houston Los Angeles

Sunday's Line Scores

old, 9-11. Sw—Mickmon (2). HR—New Yes of Morthinsky [13).

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Alianesekts 825 212 689—12 17 2 Oakland 825 91 10 82—5 15 2 Chickson, Horitey (8) and Horner, Webster (8): Mohler: Briscoc (3), Gossone (6), Horseron (9) and Siekhboch-Hemond (6), W—Erickson, Febousier (1). Puckett 2 114. Horner (12). Brito 2 (3). Konsos City 92 92 93—5 9 2 Chicago

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ART BUCHWALD

Waiting for the Doctor

WASHINGTON — The U.S.
The government has to assume that every doctor in the plan is a studied and restudied. Every part good doctor and therefore worth of it has been analyzed under a microscope. But the one area being ignored under Hillary Clinton's plan is how long you will have to

wait 10 see a doctor. Milton Ramrod, M. D., is the first to study the effects of waiting for a doctor on a

person's health. "Our studies indicate that the longer you wait for a doctor, the sicker you feel. To prove this. we conducted an experiment. We filled the outer office with pa-

tients. Then we called the name of one and he entered the doctor's office with a

jaunty, light step. The last person was called eight hours later. His blood pressure was soaring, he was frothing at the mouth, and he could hardly tell the doctor what was wrong. We con-cluded that all these symptoms began in the waiting room and had to he treated along with the ailment the patient already had."

"Not under the government eide who gets anesthesia and who plan. You can't have Washington doesn't, as well as how much a involved without people sitting

around. Waiting is the price we pay for good federal health care." be good? As I understand it, many of the best doctors are going to refuse to take patients who hand in operation at all."

waiting for. It also feels that any dortor who won't sign up for the national health plan is a bad doctor and not worth waiting for. He should be avoided like the plague."

"Do your studies show how long under the government plan a person may be forced to wait to see a

"We have no scientific data on that, but we estimate that it could be anywhere between three weeks and six months. We project that waiting for a doctor will be one of the favorite pastimes of most American citizens.

How do you think this will work out?"

"Well, let's say that you need a hip replacement operation. You'll get a lottery number. If your number is called, you get the operation. It's fair and everyone has the same chance to be operated on." "Suppose you want a second opinion?"

"You can get one hy applying to member of the Supreme Court." "Do your studies predict that the

verage person will be geiting better medical treatment than they do "Not so far. You see, a great deal of the national health-care plan will "Is there any cure for waiting for be run by people not necessarily trained in medicine. They will de-

hernia operation will cost.
"The only drawback is if they say that a hernia operation is worth How do we know if it's going to \$25, then the surgeon may give them a \$25 operation. On the other hand, if you can't afford it, a \$25 hernia operation is better than no

German TV War Heats Up

B ONN — A new commercial television station that hopes to lure German teenagers away from American and British music videos will be launched this week as competition hears up for viewers and advertisers.

Setting its sights on the popular international version of MTV. Cologne-based Viva hopes to appeal to the nation's youth. It promises that at least 40 percent of its rap. enjoyed a monopoly.

sung in German.

The idea for Viva came from a consortium of music video producers in Hamburg.

Viva, which will go on the air Thursday, is the latest of half a dozen new commercial stations to go oo the air this year, challenging the two state-owned networks. ARD and ZDF, which had long

Novelist Spark: Cross Her at Your Peril

By David Streitfeld

NEW YORK — Just because she's a legend in literary circles. Muriel Spark says, that doesn't mean she's got to keep her mouth shut when people betray her. So she gives as good as she gets. Often rather better.

About her former collaborator and one-time good friend Derek Stanford, she says tartly: "I try not to be too subjective about this, because I hate the man's guts. But looking at his work compared with mine. I don't really think it's good enough."

And then there's her former editor, Alan Maclean. "He was having this terrible

breakdown with alcohol." Spark says. "He could never keep an apartment. He was always weaving about and stumbling

Maclean's particular crime was saying the wrong thing to The New Yorker for a recent feature on the novelist, who at 74 has become both a grande dame of British literature and, two months ago, a Dame of the British Empire. The topic was Spark's

"She was really quite batty." Maclean said. "When she was doing the Observer crossword, she believed that the answers to the clues were messages mocking her. And she thought that I was one of 'them' —them being the people who were plant-ing the clues. For a long time alterward, when she was under pressure she would

react very badly. She would feel that things and people were against her. Spark certainly feels that way now about Maclean, whom she says she first met in 1955. "I didn't imagine anything at that time. I was well over my breakdown, I tried to be friends and I'm really sorry for him. Now he comes out with all this, I

think he must be on the bottle again." In Spark's autobiography, "Curriculum Vitae," the only people exempted from "I'm awfully tired of books by people who have suffered, and they blame all their sufferings on their mothers or fathers," she

Sure, there are bad parents and battered children, more every year it seems, "but the normal parents are just human beings, and have their defects. Everybody's awful if you want to look at it that way."

Spark has traveled from her Tuscan home to New York to talk about "Curriculum Vitae." It's a rare visit despite the recent purchase of a Manhattan apartment. She doesn't travel to her native Britain very often either. "The English climate alone would put me off.

"I like my English friends individually," and she clearly doesn't like them collectively. "They really have to change. Either

become Republican or . . . They haven't absorbed the people who've come in. They're racist. One's best friends come out with the most racist remarks. They don't know they're doing it."

Spark, one suspects, always knows what she's doing, and never more so than in "Curriculum Vilae." Yet it remains a curious work, an outobiography written with some of the dispassion and much of the research of a hiography. The first half offers an exact description of the world that surrounded her as a young girl in Edinburgh: the butter, her neighbors, the tea. her teachers. It's charming, but a hit impersonal.

This rectitude is more than compensated for in the lively second half, which covers the first decade and a half of her adult life. She's still not sure why she married Sydney Oswald Spark, a teacher 13 years her senior. Maybe it's because he brought her flowers when she had the flu. From my experience of life," she writes, "I believe my personal motto should be. Beware of men bearing flowers." The couple went to what was then Rhodesia. had a son, and quickly watched their marriage go under. Her husband became "a borderline case, and I didn't like what I found either side of the border."

Back in London with her toddler, Spark took a job belping disseminate lake news stories to undermine the Germans' will to fight — training in trickery that was per-fect for a future povelist. After the war, she carved out a career as anthologist and editor, working in collaboration with Derek Stanford. Their relationship fell apart when Spark became successful. "He endured, in fact, a nervous breakdown at the time of my first success," she reports.

The memoir ends with the publication of her first novel. "The Comforters," in 1957. A semi-autobiographical tale of a Catholic novelist who has a breakdown, it had the good luck to be praised by Evelyn Waugh, No first novelist could have asked for a more auspicious sendoff.

Still, Spark doesn't delve very far into her psyche. She passes lightly over her conversion to Catholicism, her breakdown and exactly why she became a novelist. Nor does she clue readers in as to the ultimate fate of her husband, beyond his return to Edinburgh "for an endless series

It turns out that he is still alive and still in a mental hospital. Photos of the young Spark reveal a strikiogly beautiful woman, sometimes impish, sometimes imperious, always someone who knew she must be taken seriously.

Spark's novels tend to be brief as well as clusive, succinct glimpses of a larger puz-

ACROSS

Hart of spydom



A novelist on the watch? "All the time," she says. "Looking and listening."

zle. "It's a question of good manners," she says. "I don't think you should inflict too much." Unlike many writers with equally long shelves to their credit, her work is fairly consistent. Like one and you'll like

Sometimes the books are labeled "satirical," a word she finds crude. "A satire would be something like, I suppose, Gulliver's Travels.' I have a comic strain but my novels are serious, I assure you. . . . Sometimes one makes one's own category. you know.

Such self-assurance mingles with con-cern over her literary future. "I just wonder when I die, what will happen to my name?" she says straightforwardly, "Will it just blot out? Sometimes that happens. Or will it go on? You see, one doesn't

know about this sort of thing." Martin Stannard is confident he knows. The author of a highly acclaimed two-volume life of Evelyn Waugh, he received Spark's permission last year to do her biography. "She's a very great writer, one of the major British writers of the 20thcentury," Stannard says. "If people find that they don't know what to make of her, that's only because she's ahead of her

Or maybe she's just deeply buried in it. This, it turns out is Spark's own view, "Take Iris Murdoch," she offers. "I suppose you're going to quote me on this but the thing about her is, she doesn't look. In her novels she'll have a secretary or a typist putting on her hat and gloves. Peo-ple haven't been wearing hats and gloves for a long, long time. She hasn't looked at modern life much. She's there in Oxford."

Then she reconsiders, "It won't matter. In 50 years' time, they'll look back on her as if she were George Eliot, who also didn't look much. Jane Austen looked, The Brontes looked. They knew what people wore.

Spark, of course, is always on watch, "All the time," she says, "looking and No regrets, then? "I hope I wouldn't have to do it all over again, because I might not be as nice to people."

WEATHER

Europe Forecast for Wednesday through Friday, as provided by Accu-Weather.



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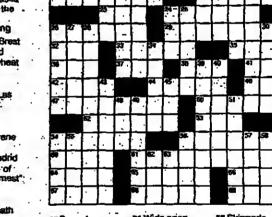
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16 Years After Elvis 'Left,' Fans Still Come

The King "left the building" 16 years ago, but adoring fans keep showing up on the anniversary of Evis Presier's death at Graceland. lt was common at Presley's concerts for fans to linger hoping for a last glimpse until they heard the announcement, "Elvis has left the building." Up to 7,000 faithful fans made a candlelight procession past his grave in Memphis Sunday night and Monday morning, leaving flowers or other tributes.

PEOPLE

Princess Diana wants an early divorce from Prince Charles, the Mail on Sunday said in a front-page report by Nigel Dennister. The columnist said Diana, 32, had told friends that her physical rela-tionship with Charles, 44, lapsed during an official visit to Portugal in February 1987. There was no comment from the palace.

A court order in hand, Woody Allen visited his five-year-old son mother Mis Farrow is making a movie, but did not see the 7-yearold adopted daughter, Dylen, that Farrow has accused him in court of molesting. Allen, 57, traveled with Soon-Yi, 22. Farrow's adopted daughter.

Clint Eastwood, Michael Jordan, Tim Allen and Garth Brooks are America's favorites, according to. that American institution: the poll. Eastwood's nearest film star competitor in a recent Harris poll was ohn Wayne, even through Wayne has been dead for 14 years. They were followed by Arnold Schwarzenegger, Tom Cruise, and Mel Gibson.

Since (reland granted Jean Kennetly Smith, 65, the American am-bassador, the right to a private quarantine center at her Dublin residence so that her pet dogs would not have to spend the required six months locked up by the government, three foreigners have asked the government for the same

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